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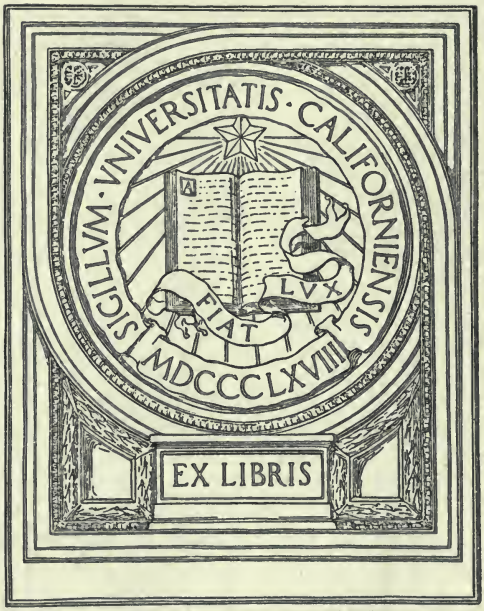
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JOSIAH TUCKER, ECONOMIST

STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW

EDITED BY THE FACULTY OF POLITICAL SCIENCE OF
COLUMBIA UNIVERSITY

Volume XIX] [Number 1

JOSIAH TUCKER

ECONOMIST

A STUDY IN THE HISTORY OF ECONOMICS

BY

WALTER ERNEST CLARK, Ph.D.

Sometime University Fellow in Economics
Instructor in the College of the City of New York

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INTRODUCTION

It is an unfortunate fact that we have as yet no history of political economy worthy of the name. The development of economic thought in Germany has indeed been well treated in the monumental work of Roscher, but we still lack any account of the far more important literature of economic thought in England. For the period before Adam Smith, so rich that a contemporary writer collected no less than fifteen hundred works on economic topics, we have virtually nothing but a few short essays. Even the separate writers, with the exception of Petty, Mun, Locke and Cantillon, have found little, if any, recognition. The absence of an historical school of economics in England and the glamour of a few great names which have thrown everything else into the shade explain, but do not excuse, this neglect. Careful students of Adam Smith who are at the same time acquainted with the earlier literature, are well aware of how much he owes to his predecessors; but the ordinary manuals of the history of economics lay but little emphasis on this debt.

In the course of many years of lectures on the development of economic thought before Adam Smith, it has long been apparent to me that before an adequate history of economics can be written, two things above all are needed. The one is a series of studies, each of which should take up by decades the controversial pamphlet literature on current economic problems in England, from the middle or end of the seventeenth century. The second need is a careful and detailed study of each of the more important writers.

The present monograph by Mr. Clark is the first of what it is hoped will be a series of such studies to be issued under the auspices of Columbia. It is not an easy thing for a young man to make a successful contribution to the history of economic thought. Exposition is indeed simple, but an exposition that is at once sympathetic and critical presupposes a fund of knowledge and poise of judgment that are not easily found united in scholars of less than middle age. Mr. Clark, however, has had unusual opportunities in the way of general preparation and has devoted a considerable time both in America and in England to research work on the subject.

The author that he has selected for his monograph is one whose importance has in modern times been much underrated. Tucker is one of those men whose considerable contemporary reputation has subsequently been unduly dimmed by the lustre of his more famous successors. Mr. Clark's exhaustive and interesting study speaks for itself, and will without doubt succeed in re-establishing Tucker in the estimation of his countrymen. The monograph is a painstaking, thorough and scholarly piece of work. It ought certainly to embolden others to take up the task of dealing in a similar way with the remaining important figures in the economic science of the eighteenth century; and when once this preliminary work has been accomplished, we may expect to be able to have some one undertake a real history of economic thought in England.

EDWIN R. A. SELIGMAN.

COLUMBIA UNIVERSITY, JULY, 1903.

PREFACE

The economic writings of Josiah Tucker are scattered through four thousand pages, printed and manuscript, and are, in part, in very rare volumes. This statement suggests three of the aims of this monograph: (1) To collect and to arrange systematically the scattered writings; (2) To condense the voluminous writings; (3) To make striking passages of the very rare volumes easily accessible.

Part I. sketches, in outline, the man and his day, and gives a bird's-eye view of all of his writings. This is purely preparatory, that the reader may the better interpret the economic writings of which Part II. aims to make a convincing presentation. Tucker has been allowed to speak freely, for himself, that the reader may eliminate any interpretative bias which, much as the writer has striven against it, may have here crept into his comments.

The illustrative quotations, as far as possible, have been drawn from either the *Elements of Commerce,* or the *Instructions for Travellers,* that important parts, at least, of these works may be accessible. These two works are Tucker's most important, least known, and rarest, economic works. So far as the writer can learn, upon careful inquiry, only three copies of each of them are known to be in existence. Few, even among students of the history of economics, have ever seen them, and no one has ever made their complete contents known.

In making quotations no attempt has been made to preserve the orthography of an eighteenth century writer;

superfluous capital letters have been lower-cased, and quaint "ye" has been modernized to commonplace "the."

It is the writer's hope that this volume may be instrumental in making Josiah Tucker's economic writings better known; it is his belief that, when these writings are better known, their very considerable merit will place their author in the fore rank of English economists prior to Adam Smith.

To Professor Edwin R. A. Seligman, of Columbia University, who suggested this monograph, who advised wisely during its preparation, and who read it critically, in manuscript and in proof, especial acknowledgments are due, and are here gratefully tendered.

New York City, *June 22d, 1903.*

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PART I

THE DAY, THE LIFE, THE MAN, THE WRITINGS

INTRODUCTION

Josiah Tucker (1713-1799) was an English clergyman who wrote many volumes and pamphlets upon theological, upon political, and upon economic subjects. This study aims to analyze his economic writings and to estimate their worth. To understand a writer or fairly to interpret his works, it is necessary to know his social environment, his life and his personality. The three chapters which immediately follow suggest the main economic problems with which eighteenth century Great Britain was concerned, give in outline the commercial and industrial conditions in Bristol, Tucker's city of residence during his productive half century, state the salient facts in Tucker's life, and present his leading traits of character.

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CHAPTER I

THE ENVIRONMENT

I. Eighteenth Century Great Britain

During the eighteenth century Great Britain prepared herself to win and to maintain her supremacy in the nineteenth century. It was a martial century for Britain. Seven wars and two rebellions blared the red trumpet during thirty-eight of the hundred years. It was a century of territorial aggrandizement. The late seventeenth century's naval victories had made Britain mistress of the seas, and this contributed largely to the increase of the national domain during the eighteenth century. An island gained dominion over continents. In the east, British sovereignty began to extend over India, and Australia became a British colony. In the west, the Seven Years' War made North America, from pole to gulf, bend the knee to the British sovereign.

The possession of vast and far distant territories called for an able colonial policy. Perhaps the most important lesson in colonial policy which the century taught Britain, was that Anglo-Saxon colonies may be controlled best by being controlled least—the lesson of the protracted, but vain effort to retain the American colonies. Owing in part to sea control, and in part to growing colonies, British commerce in the eighteenth century greatly increased.

Thus wars, widening territory, developing colonies, and rapidly expanding foreign commerce were the large factors in British international relations in the eighteenth century.

Within Britain's own island territory, a new life, reflective of her widening world life, was everywhere in evidence.

Roads were made, canals were dug, wastes were redeemed, commons were inclosed, and harbors were improved. In her manufacturing life, the great change from the domestic to the factory system occurred, with its concomitants of labor and machinery problems, and its consequent development of manufacturing centers. To sustain the wars and colonial enterprises, and to further the large internal improvements, greater revenue was demanded.

The great problems, then, which would naturally attract the attention of a British student of politics and economics in the eighteenth century, were those concerning wars, colonies, population movements, machinery, trade relations, internal improvements, and taxation.

II. Bristol

Second city of the kingdom, Bristol, in the eighteenth century, was the busiest of the outports. It was naturally fitted to become a great commercial center; it swam upon the waters and "had its streets full of ships."[1] In the fourteenth century docks had been built, and from time to time they had been improved and extended. Its naturally excellent harbor, thus improved by art, attracted the world's shipping. The rivers Avon, Severn, Wye, Usk, Parrett, and Tone afforded natural water connections with the inland district about Bristol. A system of canals, built during the eighteenth century, connected the upper waters of these streams and perfected the means for inexpensive transport of domestic commerce. This brought all of South Wales and of West England into intimate market relations with the city by the sea.

Bristol also entered early upon a manufacturing career. Woollen manufacture began there about 1340. Thomas

[1] A statement credited to Alexander Pope.

Blanket, whose name still clings to a class of woollen fabrics, was among the Bristolians who early distinguished themselves in this branch of manufactures. The manufacture of soap began, at Bristol, in the first quarter of the sixteenth century, and the manufacture of pins and of stockings began there in the last quarter of the same century.

Eighteenth century Bristol made good use of her manufacturing and commercial legacy. By the close of this century Bristol shot had a reputation; crown, flint, and bottle glass, soap, hats, tanned and dressed leather, shoes and saddlery, brass, copper and zinc goods were being made, and there was a considerable tobacco and an extensive snuff manufacture. The domestic commerce had become large, Bristol foreign imports and local manufactures supplying a wide inland districtc. This district in turn sent its products to the seaport city for sale or for shipment. The most important sea traffic was being carried on with the West Indies. They took Bristol building materials, clothing, bottled liquors and sugar-making implements, in exchange for their products, sugar, rum, coffee and cotton. From Spain there came annually 4,000 bags of Spanish wool. In order of further importance, ranked the city's trade with Ireland, with Newfoundland, and with British America, in all of which a considerable capital was invested.

Thus the commercial and the manufacturing problems of eighteenth century Great Britain were Bristol's problems. Its merchants were sending their vessels laden with its manufactures to far lands, whence they returned with cargoes ranging from timber and tar to human beings.[1] If there were outport grievances against London, Bristol would have them. If national trade restrictions unfavorably

[1] It was to the Bristol slave mart that Rev. Thomas Clarkson came, in June of 1788, when he began his study of the slave trade. *Annals of Bristol*, by John Latimer, p. 473.

affected commerce, Bristol merchants would suffer. If frequent and prolonged wars interfered with commercial prosperity, British merchantmen would lie idle in Bristol's harbor. Bristol coffee-houses would discuss colonial relations, for had not that city been foremost in equipping early exploring expeditions,[1] and was not its commercial intercourse with Newfoundland, the Americas and the West Indies most active throughout the eighteenth century, excepting only when war checked it?

Again, Bristol's manufacturers were patenting and were introducing new machinery and were developing a factory system. If statutes preventing the free movement of laborers to their points of greatest productivity curtailed the supply of labor needed by the rising manufactures, the leather manufacturers, the sugar refiners, and the foundrymen of Bristol would have their complaints to make. If British jealousy of foreigners checked their immigration by refusal to give them full naturalization privileges, there were in Bristol evidences of contributions toward British prosperity made by the capital of rich immigrants and by the skilled labor of artisan foreigners. Since the manufacturers of the city were beginning to use patented machinery, the anti-machinery agitation would be certainly thrust upon even the least thoughtful observer of Bristol business life. Itself a historic slave mart, and in close touch with the slave-using colonies of the kingdom, Bristol's news records and current tales of slaves and of slavery would stimulate an analytic mind, in the presence of developing manufactures, to question the relative economic efficiency of slave and of free labor.

Sufficient illustration has been given to make it evident that eighteenth century Bristol epitomized eighteenth century Great Britain in manufactures and in commerce.

[1] Sebastian Cabot was a native of Bristol and voyaged from that port.

Perhaps no other place in the empire would have furnished environment more apt to lead an inquiring mind to analyze the economic life of the day. The very prominence, politically and commercially, of London would lead the outport student to familiarize himself with its industrial and commercial conditions. The capital's attempt to monopolize foreign trade, through the wide reach of privileges granted to its chartered companies, would certainly arouse in the outport a spirit of self-preservative criticism and opposition. This was conducive to a study of underlying principles of trade. Thus, a Londoner, studying the manufactures and commerce of the day, would tend to favor customs, for the customs favored London; a Bristolian would advocate an examination of customary privileges, in the hope that new thought might destroy old tradition, and give the growing smaller cities a chance to obtain, in rivalry with London, a larger share of the nation's business. London environment made for the advocacy of stereotyped ideas; Bristol environment made for that critical re-examination of these same stereotyped ideas, in the light of new conditions, which is so essential to progress in any realm of thought. The constructive critic is the potent factor in all thought progress; the apologist for existing conditions is, at worst, a complete check to any advance, and, at best, he has the negative virtue of preventing rash experiment. London was environment for an apologist, Bristol for a critic, of economic conditions. Out of Bristol, then, one conversant with eighteenth century Britain might rationally expect a teacher to come, who would teach as nearly the truth concerning the nation's economic life as any one of his generation.

CHAPTER II

THE LIFE

In 1737 Josiah Tucker, a young churchman, came to the busy, manufacturing outport, Bristol, as a curate of St. Stephen's.

The twenty-four years of his life had recorded no unusual event. He was born in Langharne, Carmarthenshire, in 1713.[1] His father, Josiah Tucker, was a farmer who, not long after his son's birth, moved to a small estate which he had inherited, near Aberystwith, in Cardiganshire. In spite of the father's small means, the lad was sent to Ruthin school, in Denbigshire. Here he attained some proficiency in the classics, and obtained an exhibition at St. John's College,[2] Oxford, which he entered January 26, 1733.

[1] There are no biographies of Josiah Tucker, except the brief accounts given in the various encyclopædias and in the magazines current at the time of his death. With but three exceptions these biographies state 1712 to be Tucker's birth year. These exceptions are the *Penny Cyclopædia* (vol. xxv, p. 338) and the *Annual Register* (vol. xli, p. 350) both of which give 1711 as the birth year, and the *European Magazine* (vol. xxxvi, p. 291) which gives it as 1713. For the following reasons the writer believes that Tucker was born in November or December of 1713: (1) In *Alumni Oxonienses* Tucker is registered as having matriculated "26 Jan., 1732–33, aged 19." (2) The closing line of his obituary tablet on the east wall of the south transept of Gloucester Cathedral reads, "He died November 4th, 1799, in the 86th year of his age." (3) In *Letters to Shelburne* (written 1783), p. 113, he speaks of himself as in his 70th year. (4) In a letter to William Seward, October 29, 1790 (Brit. Mus. Add. Mss., 5419), he speaks of himself as "almost 77 years of age."

[2] Several of the biographical sketches, *e. g.*, *Public Characters of*

He was accustomed to walk from his home to Oxford, a hundred and sixty miles. Owing to the bad roads and to his baggage, carried in a bundle, swung from a stick across his shoulder, this was a full six days' walk. The narrow circumstances of the family are shown by the fact that the horse upon which the young man made one of these journeys, and one only,[1] was the only horse owned at the little farm.

There is no line to tell of the friendships, the difficulties, the successes, and the aspirations of his college life. His whole Oxford story, after matriculation, is summed in the simple line of the *Alumni Oxonienses:* "B. A. 1736, M. A. 1739, B. & D. D. 1755."

Adopting the profession offering the best opportunities for advancement to one, who was entered upon the Oxford rolls as "pleb,"[2] Tucker entered the church, taking holy orders at the age of 22. His preferments may be summarized briefly. In 1735 a Gloucestershire rural parish curacy located him in the region so suggestive, on every side, of the great problems of his land and of his day. This region he never left thereafter, except for brief visits. For sixty-four years he served in the rural curacy, and in Bristol and in Gloucester cities. He saw two generations of local farmers, merchants, traders, manufacturers and politicians, ply their industries and influence the shaping of the business policy of the whole nation.

In 1737 came his first promotion, which gave him a curacy

1798–99, 4th ed., p. 162, and *The Monthly Mag.*, vol. viii, p. 912, state that this exhibition was obtained at Jesus College, Oxford. The *Alumni Oxonienses* registers Tucker at St. John's College.

[1] Young Tucker refused again to inconvenience his father by taking away his only draught animal, and all remaining Oxford journeys were made on foot.

[2] *Alumni Oxonienses*, *v.* Tucker.

of St. Stephen's Church, in Bristol, and in May, 1739, he became rector of All Saints' Church, in the same city. In 1737 a minor canonry of the Bristol Cathedral was conferred upon him.

He attracted the attention of the famous Joseph Butler,[1] Bishop of Bristol, and he was chosen by Bishop Butler to serve as the Bishop's private chaplain. His next promotion came through the influence of the Bishop, when, in 1749, he returned to St. Stephen's as its rector, succeeding Dr. Alexander Catcott.

A prebendal stall was granted to him at St. David's in April, 1752, and one at the Bristol Cathedral in October, 1756. His last preferment came in July, 1758, when he was made Dean of the Cathedral at Gloucester. He thereupon resigned his prebendal stall at Bristol Cathedral, but retained the rectory of St. Stephen's until November, 1793, when he resigned in favor of his curate.[2]

The resignation suggests much in the man's character. Feeling the heavy hand of age, he was willing to lighten his duties some time before he took the final step. His curate, the Rev. Mr. Grenville, appears to have been a worthy

[1] As an instance of Tucker's friendly and intimate intercourse with Bishop Butler an incident related in Tucker's *Humble Address, etc.* (pp. 20 and 21, footnote), may be cited. Tucker states, in this note, that it was the Bishop's custom to walk in his garden for hours even on the darkest night, and that he "frequently had the honor to accompany him." On one such occasion the Bishop asked Tucker what security there was against the insanity of individuals. When Tucker replied that neither physicians nor divines knew of any such security the Bishop continued, "Why might not whole communities and public bodies be seized with fits of insanity, as well as individuals? Nothing else can account for the major part of those transactions which we read in history." Tucker comments that though he had thought little of "the Bishop's odd conceit" at the time, he had "frequently thought of it and applied it to many cases since."

[2] For an account of this see *Gent's Mag.*, vol. lxiii, part ii, p. 1063.

man and was the father of a large family.[1] Tucker desired that Mr. Grenville should succeed him as rector. The appointment was in the power of the Lord Chancellor, who had other plans for a successor to Tucker. On being apprised of this, Tucker decided to retain the rectory unless Mr. Grenville was to receive the appointment. He had a petition, that Mr. Grenville be chosen, circulated among his parishioners, and it received their signatures unanimously. The Lord Chancellor yielded upon the presentation of this evidence to the worthiness of St. Stephen's curate and promised to advance him to the rectory if Tucker resigned. This Tucker promptly did, thus stripping himself of all duties and emoluments except those of the Deanery of Gloucester, which he held at the time of his death.

Stratford states:[2] "A Bishopric was subsequently offered to him [Tucker], but this further preferment was declined." The writer has found no evidence to confirm this assertion. On the contrary, there seems to be evidence against it. In his *Humble Address,* etc. (p. 7), published in 1775, Tucker states:

"I thank God I have no cause to complain of any disappointment; having since my advancement to the Deanery of Gloucester in the year 1758, neither directly nor indirectly made the least or the most distant application for any other or higher station."

In his *Series of Answers,* etc. (p. 97), published in 1776, Tucker says:

"As a clergyman it is often objected to me that I am a mercenary wretch or as Mr. Burke was pleased to call me a 'court vermin' writing for preferment. This is very hard and

[1] This increased Tucker's respect—see his *Population Thesis*, part ii, chap. 2 of this monograph.

[2] *Gloucestershire Biog. Notes* (p. 131), by Joseph Stratford.

cruel after so many solemn declarations to the contrary. Let it therefore be observed that whereas I had often said before that I would never directly nor indirectly seek for preferment, I will here add once for all, that I will never accept of any even tho' offered to and pressed upon me." [1]

This attitude remained unchanged in 1783, when, in his *Letters to Shelburne* (p. 2), Tucker wrote:

"As to my views of preferment . . . . I have none at all; being quite content with my station."

Tucker was an efficient administrator of the church properties under his care, and he was, in all respects, a conscientious clergyman. Despite the many allegations to the contrary, made by those who deemed him too inclined to spend much time in dealing with commercial themes, he put his duty as a clergyman before all others. Tucker's own clear statement of his aim is in one of his letters to Lord Kames. He says:

"The avocations belonging to my new office of Dean are very many and are too important to be omitted. I came into a house which wanted to be almost rebuilt and into a chapter where many disorders required to be rectified; and I have a cathedral and cloisters to examine and repair, which, in some respects, are the finest Gothic structures in the world, and which are now perhaps the best kept. . . . . There are two resolutions which I cannot depart from: The first is that charity begins at home . . . . and the second that I will not put it in the power of any one to say that I neglected the proper business of my function and station upon any pretences of

[1] This statement was made by Tucker with reference to Burke's attack upon him in the latter's speech of April 19, 1774, when he characterized Tucker as a "court vermin" whose efforts might win for him a Bishopric.

serving the public. I have always kept clear, I thank God, of this imputation, even my adversaries being judge . . . . and I trust I ever shall." [1]

Tucker's epitaph indicates that he carried out this intention to the very end of his life.[2] This life rule, and the unimpeached testimony that he followed it to the last, are a sufficient reply to the slur against Tucker's loyalty to his duty as a clergyman implied in Dr. Warburton's acid fling that the Dean " made a religion of trade." [3]

Tucker appears to have been upon good terms with many leading clergyman of his day, and the strained relations existing between him and Warburton were at least as much due to the latter's overbearing intolerance of any opposition, as to Tucker's lack of due respect for his official superior. Bishop Thomas Newton testifies to Tucker's faithfulness

[1] *Memoirs of Life and Writings of Lord Kames* (Alex. Fraser Tytler), vol. iii, pp. 174–175. This letter is dated Feb. 15, 1764.

[2] See end of this chapter where epitaph is given in full,

[3] John Selby Watson in his *Life of William Warburton* (p. 496) relates that a Dr. Squires and Dr. Tucker were both candidates for the deanery of Bristol. A Mr. Allen, who had spent much money in repairing this deanery for Warburton, was willing to complete his planned repairs if he knew that an acceptable man would succeed the retiring Dean. He asked Warburton about the two candidates and Warburton, with characteristic epigrammatic rudeness, replied: "One makes a trade of religion; the other [Tucker] a religion of trade." Tucker's own reply was: "The Bishop affects to consider me with contempt; to which I say nothing. He has sometimes spoken coarsely of me; to which I replied nothing. He has said that religion is my trade and trade my religion. Commerce and its connections have, it is true, been favorite objects of my attention, and where is the crime? And as for religion I have attended carefully to the duties of my parish, nor have I neglected my cathedral. The world knows something of me as a writer on religious subjects, and I will add, which the world does not know, that I have written near 300 sermons and preached them all again and again." *Gent's Mag.*, vol. lxxxvi (1799), p. 1003.

in his clerical labors, and laments the lack of harmony between the Bishop and the Dean. Of Tucker he says:

"He was too, an excellent parish priest, an exemplary dean, in keeping his residence and performing his duty, in managing the chapter estates, in living hospitably, in repairing and improving his house and in adorning and beautifying the church and churchyard. In these things he merited well and had many good qualities, but it is to be lamented that he had not the respect for the bishop (Warburton) which was really due to his personal character as well as to his high station. . . . . They were both men of great virtues but they were both also men of strong passions. Both were irascible but the Bishop was more placable and forgiving; the Dean longer bore resentment." [1]

Bishop Butler's friendship for Tucker has already been mentioned. It had further illustration in the fact that he selected Tucker, in 1741, to write an account of Methodism desired by the Lord Primate of Ireland.

With the Rev. Dr. C. N. Foster, Tucker was in continuous correspondence [2] from 1752 until the untimely death of Dr. Forster. With the Rev. Dr. Birch, Tucker corresponded for many years.[3] Archbishop Secker, of Canterbury, was enough interested in Tucker and his work to read carefully and to annotate one of the proof copies of Tucker's *Elements*.[4]

Of Tucker's sermons and theological contributions something will be said later in the chapter of this Part I. upon his writings. The evidence cited here seems to show that

[1] Bishop Newton's *Life by Himself* in vol. 2 of *Lives of Eminent English Divines* (London, 1816), pp. 107–108.

[2] See Forster *Mss.* Brit. Mus. Library *Add. Mss.*, 11275.

[3] See Birch *Mss.* Brit. Mus. Library *Mss.*, 4319, vol. xx, 818.

[4] The copy now in the New York Public Library, Astor Division.

Tucker was a capable and zealous clergyman, helpful throughout his parish, and respected by the clergymen of his day.

But although Tucker was a faithful clergyman, he found time to write much upon political and upon commercial themes, and for a number of years before his appointment as the Dean of Gloucester he took an active part in Bristol politics.

When bills for the naturalization of foreign Protestants and of Jews were before Parliament in 1751 to 1753, Tucker strongly advocated naturalization. The Bristol populace were violently opposed to naturalization. When news reached Bristol that the consideration of one of these bills had been postponed, a great demonstration was held, placards denounced supporters of the bill, and the exulting, intolerant mob, gathered in the public square, even burned Tucker in effigy, dressed in full canonicals.[1]

In 1753 Tucker's tract, *Reflections on Turkey Trade,* aroused a storm of opposition against the privileged Turkey trading monopoly, which culminated in action by Parliament in June, 1754, when the trade to Turkey was opened to all British citizens upon the payment of £20.[2]

From 1754 to 1757 Tucker was a political mentor of the Bristol Whigs. He advised setting up only one candidate in 1754, and they did so; he advised the compromise of 1756, and it prevailed. The event in each case justified his political sagacity. In 1754, when Mr. Robert Nugent (afterward Earl) was the Whig candidate for Parliament from Bristol, Tucker actively espoused his cause. He wrote letters, tracts,[3] and newspaper articles in Nugent's behalf,

[1] *Gent's Mag.* (April, 1751), vol. xxi, p. 186.

[2] See *Preface Reflect, Turkey Trade, 2nd Ed.*, 1755.

[3] Such tracts were *Great News from Rome, Reasons for Chusing Mr.*

took part in committee work, kept in regular communication with Nugent, whom he advised as to the local political conditions, and even planned the order of march and invented part of the banner mottoes for a political parade of Nugent supporters.[1] Many of his parishioners opposed Nugent's return. Some of these were influential in church affairs, and threatened that "if he voted against the vestry they would not collect him a single shilling." His reply was characteristic: "Gentlemen, do whatever is right in your own eyes. I shall certainly vote for Lord Clare, consequently against you, and I shall certainly do my duty towards you as your minister, whether you collect for me or not."[2]

In brief, all of this evidence seems to show that Tucker was a practical politician, a man manager and a successful local diplomat, on occasion and in good cause (the country's or his own). The practical outcome of the Bristol election was that Nugent was returned, and he secured clerical preferments for Tucker, a prebendal stall in the Bistol Cathedral (October 28, 1756) and the Deanery of Gloucester, July 13, 1758.

After his appointment as Dean, Tucker was not so active in local politics. Indeed, for a decade he did little more than attend to his increased clerical duties. His deanship had devolved new and heavy duties upon him, and he had wearied of being misunderstood and calumniated as a self-seeking, commercial, clergyman. The reputation given to him by slanderous attacks of political opponents is illustrated by his statement in a letter to Lord Hardwicke, Dec. 6th, 1760:

Nugent, etc. (See Bibliography of Tucker's works, 1754). In a letter to Dr. Birch (see Birch *Mss.*) on Apr. 29, 1754, he encloses "the eighth paper" he had written during the contest.

[1] These facts are attested to in Tucker's correspondence with Forster, Birch and Nugent. See British Mus. Library *Mss.*

[2] A tale of Stratford's *Gloucestershire Biographical Notes*, p. 131.

"Before my coming to Gloucester the people were made to believe that I was a monster of the vilest parts of Whiggism and Judaism." [1]

The war with the American colonies aroused Tucker again in the seventies, and he wrote a series of tracts. His separation policy drew down upon him the wrath both of those for the government and of those against it. Such men as Burke and Dr. Johnson saw fit to oppose Tucker's views, Burke attacking [2] him from the floor of the House of Commons. The very opposition with which he met proves that his tracts had influence, an influence which probably had weight in bringing about the final settlement of the war.

Tucker had favored the union of Ireland and Great Britain from his earliest economic essays, and was convinced it would ultimately be made. In his last tract upon this subject, *Reflections upon Present Matters in Dispute between Great Britain and Ireland* (1785), he opposed an immediate union, arguing, from the Irish standpoint, that until Great Britain abolished her trading monopolies the Irish would be losers by the incorporation.

During his years of political activity, Tucker made a reputation for himself as an able political writer and thinker, and had won notice from leading active politicians and political organs.[3] Even the king himself had taken personal

[1] Brit. Mus. Library *Mss.*, 35692 f. 130–134–143.

[2] The vehemence and abusiveness of Burke's attack was at least partially due to the fact that Tucker, satisfied with Lord Clare's representation of Bristol, had opposed Burke when he sought election from Bristol in 1774.

[3] The bitterness of some attacks almost drove him to institute criminal suit. In a letter of May 13, 1754, to Dr. Birch (Brit. Mus. *Mss.*) he asks that inquiry be made from Mr. C. Yorkes, an attorney friend, if he would be justified in instituting a suit for libel against the *London Evening Post*, for its virulent attack upon him in its issue of May 11th.

interest[1] in the advancement of the clergyman-politician, because of his effective, loyal, writings and personal influence in the Bristol elections.

Outside of clerical and political friends and enemies, Tucker did not have an extended acquaintance or correspondence. He traveled but little, and so had small opportunity to meet leading men. He was on the continent for a short time, some time prior to 1757.[2] On this journey he did not meet Turgot, although he later carried on a correspondence, to which reference will be made in the consideration of Tucker's writings.

Despite his little travel and few famous acquaintances or correspondents, Tucker strove to be a citizen of the world. The passage in his *Cui Bono?* in which he is addressing himself to M. Necker, is one of many such confessions of aim scattered throughout his works:

> "My aim is the good of mankind. Endeavoring to divest myself of national partialities and local prejudices to the utmost of my power, I now enter on the work proposed, not as an Englishman, but as a citizen of the world; not as having an inbred antipathy to France but as a friend of the whole human species."[3]

He offers to give all damages to a charity but says he cannot afford the costs of a non-suit. Birch's reply was that altho' "the insults were gross and scurrilous," a libel suit would be uncertain, both because of the law and of a London jury partial to a London paper.

[1] Letter from Dr. Birch, May 18, 1754, states, "His Majesty himself, I am well assured, mentioned you to my Lord Chancellor for Mr. James Yorke's prebend at Bristol," etc.

[2] In *Instruct. for Trav.* (p. 28) Tucker mentions a brief journey abroad. In a letter to Tucker dated Sept. 12, 1770, Turgot regrets that he did not meet Tucker on this visit. *Oevres de Turgot* (Paris, 1810), vol. ix, p. 367.

[3] *Cui Bono?* pp. 4 and 5.

But so far as Tucker really attained his ideal of being a "citizen of the world," he attained it largely through books and through acute observations of human nature, and of commercial and political life in his home environment. His only traveling, besides his journey to France, mentioned above, and occasional journeys to London and to Oxford, was a journey to Ireland in 1762[1] and one to Scotland in 1782. Both of these journeys he mentions in letters to Lord Kames, with whom he carried on a long correspondence. This correspondence was begun in 1757, at Tucker's request, and was carried on, with mutual satisfaction, until the death of Lord Kames. Tucker, with a customary frankness, and in the language of the economist, admits that "self-interest alone prompts this desire (for correspondence with Lord Kames)—the knowledge and instruction to be gained by it."[2]

The correspondence with David Hume was of a similarly strenuous nature. It began through Lord Kames, in 1758, and continued for many years. In 1752, with Lord Townshend, Tucker interchanged a number of argumentative letters,[3] dealing with bounties on corn, monopolies and freedom of trade, the relation of national morality to national commerce, and taxation.

There is no evidence in Tucker's letters or works that he had an acquaintance with Adam Smith, or even that he knew of him at all. Nor is there any indication that he knew James Steuart or Bishop Berkeley, except through the

[1] See *Memoirs of Lord Kames* (By Alex. Fraser Tytler), vol. iii, pp. 168 and 178. It was probably upon this visit that Tucker was admitted to the degree of D. D. at the Univ. of Dublin, and was made an honorary member of the Dublin Society. See *Europ. Mag.*, vol. xxvii, p. 18.

[2] *Memoirs of Lord Kames*, vol. ii, p. 6.

[3] *Hist. Mss. Commission* 11th Annual Rep., Append. Part iv, Sessional Reports, vol. xlvii, pp. 371 to 379 and 382.

Querist. His correspondences which bear upon economic themes appear to have been limited to those with Kames, Turgot, Hume and Townshend.

Tucker's family relations can be briefly stated. He was twice married. His first wife, the widow of Mr. Francis Woodward, of Grimsbury, Gloucestershire, died in 1771. January 17, 1781, he married Mrs. Frances Crowe, of Gloucester. She survived him, and it was his will to "bestow all of my worldly goods of every kind and nature to [sic] my beloved wife, Frances Tucker, as my sole executrix and only legatee." [1]

No children were born in either marriage. Mrs. Woodward had a son by her first marriage, and this young man Tucker educated and aided in various ways.[2]

Although Tucker had no children of his own, he had a large family for which to provide. Writing to Lord Kames, in 1764, he says: "Though I have no children of my own, I have no less than eight of an only sister, all thrown upon me, whom I must breed up to get their living in some shape or other." [3]

The charity of the man went beyond his family and relatives. He is recorded[4] to have been a liberal benefactor of several public institutions and a patron of merit. The "celebrated John Henderson, of Pembroke College, Oxford, was sent to the University and supported there at the Dean's

[1] This will was drawn Sept. 15th, 1797, and was probated Nov. 12, 1799. It is recorded at Somerset House, London. It is a very brief document, simply prefacing the above quotation with a commendation of the testator's soul to God.

[2] Tucker secured letters of introduction in 1755 to persons of consequence upon the continent, for Mr. Woodward and a young nobleman friend who were to travel and whom Tucker calls his pupils. See Birch *Mss.* Letter of May 11, 1755.

[3] *Memoirs of Kames*, vol. iii, p. 174.

[4] *The Monthly Mag.*, vol. viii, p. 914.

expense when he had no means whatever to gratify his ardent desire for study." [1] The instance of his resignation in favor of his curate has been cited above. In 1784 he proposed a plan for competitive theses on commercial and political subjects by students in the English and Scotch universities, and he offered to pledge personally £20 per year for life towards the £200 necessary to the plan.[2] Speaking of himself in 1782, he says:

"The Dean is a man who, with a very moderate income, which many people would think rather scanty, can truly say that he has all that he wishes and more than sufficient to satisfy his wants." [3]

The illustrations given above are sufficient to show that he did manage, even out of his scanty income, to liberally aid deserving persons and plans. Others were probably also liberal in their gifts to him. At least one considerable gift was made to him by a parishioner. When Mary Ann Peloquin died, in 1778, she bequeathed to Tucker, rector of St. Stephen's church, her residence in Queen's Square and £5 per annum.[4]

If one may trust a painting [5] to give accurate impressions of a man, Tucker was a person of rather heavy build, with

[1] *The Monthly Mag.*, vol. viii, p. 914.

[2] *Europ. Mag.*, vol. xxvii, pp. 29 sqq.

[3] *Treatise on Gov't*, p. 364.

[4] *Annals of Bristol* (John Latimer), p. 284.

[5] In a dusty corner of one of the little-used rooms of the Gloucester Cathedral there hangs an oil painting of Tucker. It is unsigned and undated. It gives a front view of Tucker's face and is a much more satisfactory portrait than the one from which the print portraits have been made. The portrait painted by G. Russell was twice engraved. See *Bromley*, p. 472. A print portrait from this painting appears in the *Europ. Mag.*, vol. xxvi, p. 290, and in *Literary Anecdotes* (John Nichols), vol. ix, p. 295.

ruddy face, blue eyes and dark hair. Strong features accent the firmness of expression, which is that of the very determined man, whom an opponent calls obstinate. Tucker's habits were simple and his health was vigorous. The peasant strength coming to him by heredity, and perpetuated by outdoor exercise and plain diet, endured to the end of his active eighty-six years, when a stroke of paralysis brought on death. He was buried in the Gloucester Cathedral. In the east wall of the south transept is erected a memorial tablet. The inscription briefly characterizes the Dean, the man, and his writings:

"Sacred to the memory of the Revd Josiah Tucker, D. D., Dean of this Cathedral, who in the long period of forty-two years during which he filled that station, was never once obliged by sickness or induced by inclination to omit or abridge a single residence; and the state of the fabric at the time of his death bore ample testimony to the conscientious and liberal interest which he always took in the preservation and improvement of it.

"Distinguished by a vigorous comprehensive and independent mind, whilst his theological writings acquired him a high rank among the ablest divines, he was eminently conspicuous for political discernment on the important subject of national commerce; for the free spirit of which, unrestrained by monopoly and colonial preference, he firmly contended against prepossessions long and generally entertained; and he lived to see his opinions established on the sure basis of experience.

"His publications were numerous and of a nature not soon to be forgotten. By them 'being dead he yet speaketh' and will not speak in vain, as long as an earnest but well tempered zeal for the established church, an enlarged policy, the true principles of commerce and their alliance with the benign spirit of religion, shall be understood, respected and maintained.

"He died November the 4th, 1799, in the 86th year of his age."

CHAPTER III

A CHARACTERIZATION

No more is known of the ancestry of Josiah Tucker than that his father was a Welsh peasant of small property. No hereditary tendencies can be suggested, therefore; but a brief characterization [1] of the man may be drawn from his life, and especially from his writings. Since interest in his life, and especially from his writings. Since interest centers in his authorship, emphasis will be laid upon those traits that give individuality to his writings.

I. Tucker a Thinker

Tucker was, first of all, an able thinker. His mind was clear and logical. This made him systematic in his treatment of every subject, a characteristic attested to by nearly every one of his writings. It also led him to desire consistency [2] with all the passion of the philosopher. Again, his mind was actively inquisitive. It raised questions and proposed problems. This made him critical. He accepted nothing upon faith which he could test by reason.[3] Still,

[1] The characterization which follows is no eulogy; it is a simple statement of the impressions made upon the writer in his reading of Tucker's works.

[2] "Tho I make no pretensions to infallibility . . . yet I would willingly support the general character of a consistent writer . . . This hath been my aim thro' life and wherever I have failed it was thro' ignorance and not by design." *Letters to Dr. Kippis*, pp. 4 and 5.

[3] This is well illustrated (remembering that Tucker was an 18th century clergyman) by his assertion of "the inalienable right of private judgment" in his *Letter to Dr. Kippis* (p. 18) where he says: "Christ

again, his mind was progressive. It moved on persistently until it had reached answers to its questions and solutions to its own problems, which answers and solutions satisfied its own logical tests. This made him constructive and creative. He never left a subject satisfied with mere destructive criticism. His writings abound with "polities" and remedies.[1] After criticising the existing poor system, he gave a detailed plan for bettering it;[2] when he discussed American affairs, he offered his own solution of the problem;[3] he criticized Locke and Hobbes, and then offered his own system of political thought;[4] and so on, almost every criticism of his being followed by a constructive program. The most striking and comprehensive illustration of his tendency to invent ways and means is to be found in the "skeleton" of his great work.[5] A large part of this great

himself expects that we should use our reason and our judgment in understanding His laws and applying His general instructions to particular times and circumstances."

[1] To those who might regard him as a political and commercial nostrum peddler, because of his many schemes for betterment, Tucker says, in justification of the theorist reformer: "I am also aware that there is a customary prepossession entertained against projects of all kinds and that projectors are looked upon as a race of beings who have something very singular and whimsical in their composition. And yet I think it must be allowed, that notwithstanding all the prejudice which some chimerical gentlemen of this stamp have drawn upon themselves, there must be both projects and projectors, when things are bad and wanting mending; otherwise they never could be better nor the faults corrected." This is but a paragraph of a three page defense of the theorist-reformer. See *Essay on Trade, 3rd Ed.*, pp. 141–144.

[2] See *Manifold Causes of Increase of Poor.*

[3] Viz., Complete voluntary separation from the colonies, the central thesis of all of his American tracts.

[4] See his *Treatise on Civil Government.*

[5] See *Appendix* of this monograph, where the "skeleton" is printed in full.

work, as therein outlined, would have consisted in "polities" for reforms in commerce and in government.

A logical, inquiring, creative mind is the mind of a theorist, and Tucker was a bold and original theorist. Two tests of the well-grounded theorist were fully met by him:

(1) He did not lose faith in his conclusions because passing events did not immediately justify them, or because men did not at once accept them and act upon them.

An example of his confidence in his own conclusions, even when events seemed to argue against them, occurs in a postscript to one of his American tracts,[1] in which he forcefully presented his conviction that separation was inevitable. In the postscript he stated that news of a victory over the American rebels had just come. This was early in the war (1776), but so far from doubting his thesis and withholding his tract from publication, or qualifying his conclusions so as to save his reputation in case the British should ultimately retain the colonies, he boldly issued the tract, and commented:

"Arguing from mere contingencies and the chance of war is at best but the *chance of war,* and is the more fatally delusive, as it is so flattering to human vanity. Indeed it has no weight at all in the balance against the natural and therefore, in the end the necessary, course of things." [2]

His faith in the ultimate triumph of right reason and his belief that his own conclusions were products of right reason, despite the rejection of them by others, is well illustrated in his argument for the union of England and Ireland. He closed a compact, forceful plea thus:

"Nevertheless, strong and convincing as these reasons for

[1] *Series of Answers, etc.* (1776).

[2] See *Postscript of Series of Answers.*

union are, I do not depend on them for success in the present [1] case. For that man must be very ignorant of human nature, who expects to subdue deeprooted prejudice merely by the force of reasoning. But there is a tide in human affairs to which prejudice itself must yield, because it cannot resist it." [2]

(2) Depending upon his reasoning, he made a number of prophecies, which were amply justified by events. For examples, he prophesied the separation from the American colonies, the union with Ireland, the ultimate abolition of special chartered privileges, and the rise of a great American nation. In every case his prophecy was a logical conclusion from his knowledge of men and of conditions.

II. Tucker an Observer

Tucker was, secondly, a careful observer of the world about him and a close student of recorded facts. Although he was so confidently logical a theorist, he was not a mere dialectical visionary. A study of his writings amply confirms his own clear statement [3] that he was not content with mere formal beauty or accuracy.

That he was no cave-hermit philosopher is abundantly proven by his works. They evidence his instinct for personal observation and for original research. His earliest work, *The History of Methodism,* was the result of his study of this sect, as its votaries lived and preached in his own city. For his treatises upon trade, he drew his materials, in part, from conversations with merchant parishioners, from observations in and about Bristol's wharves and harbors and places of manufacture, and from personal

[1] The tract is dated October 19, 1785.

[2] *Union or Separation*, p. 29.

[3] "I have ever made it a rule to prefer things to words, ideas to sounds, and sense to language." See *Letter to Dr. Kippis*, p. 117.

knowledge of English pastures, marshes and rivers. When he wrote of the poor system, he quoted the poor laws; when he condemned monopoly, he examined the grants of privilege under Elizabeth and James I.; when he discoursed upon politics, he first traced out the historic Gothic system of England. These are but illustrations.[1] One of the clearest impressions left upon a reader of his works, is that he was a close observer of men and of things and a thoughtful student of history.

To say that Tucker studied facts, and either directly induced his theories, or corrected his theories to accord with his fact findings, is not to say that he made no use of other men's writings. He appears to have been well acquainted with what previous writers upon economics, politics and religion had written, and was, doubtless, in some measure influenced by them, but he did not give much weight to mere authority.[2]

His knowledge and thought emboldened him to criticize commonly accepted ideas, if his own independent conclusions were antagonistic to them. He says:

"One would not willingly run counter to the settled notions of mankind and yet one ought not to make a sacrifice of truth to mere numbers and the authority of opinion, especially if it should appear that these are truths of great moment to the welfare of society."[3]

[1] See the section treating of Tucker's *Historical Sense* in Chapter I, Part II, of this monograph for a fuller treatment of this idea.

[2] "When other arguments are equal the weight of authority ought to turn the scale, and this maxim I venture to apply to all cases whatsoever, in church or in state, and to all arts, sciences and professions." *Letters to Dr. Kippis*, pp. 68 and 69. For a similar statement see *Treatise on Government*, p. 378.

[3] *Four Tracts*, p. 20.

III. Tucker Independent

Tucker was independent. His confidence in his own conclusions, and his light estimate of mere authority or of public opinion, are bases for an independence in thought. The fact that he did not servilely seek preferment has already been developed in treating of his life. Perhaps the most marked illustration that he was a truth-seeker rather than a place-seeker, was his resignation of the commission to write a treatise of commerce for the instruction of the Prince of Wales.[1] Such a commission might have contributed both to his fame and to his fortune, but when he found that his conclusions were very variant from popular ideas, and would, therefore, be accounted unsuitable for the instruction of the Prince, he yielded the opportunity rather than that he should present a treatise whose teachings should be acceptably altered from the conclusions to which his study had led him. This act alone is ample proof that his frequent declarations[2] of independence are not empty words.

Tucker struggled for a still higher form of independence. He endeavored to free himself from the insular prejudices of a British citizen, and he strove consciously to become a citizen of the world.[3] Although not a widely traveled man, he lived, observantly and thoughtfully, in a world's trading port and preached a world-embracing religion, so that from speculations upon international commerce and upon the uni-

[1] *Four Tracts preface*, pp. ix and x.

[2] Typical of them is: "The writer of the following pages professes himself to be of no party; he disdains the idea of bigotry in behalf of any set of men whatever; he owes no particular service either to those in power or to those in opposition; he aspires to the character of an independent man, a friend of his country, etc." *Dispassionate Tho'ts on Amer. War*, pp. 6 and 7.

[3] This thought is further developed in the section on *Jealousy of Trade* in part ii, chap. iv. of this monograph.

versal brotherhood of man, his thought passed the confines of island narrowness and sought world relations. His advocacy of the naturalization bills, and his condemnations of war and of jealousy of trade, are all, in large part, the fruits of his cosmopolitanism.

IV. Tucker Sincere

Tucker was a sincere man. Faith in his own thought and contentment with his moderate preferment consort naturally with sincerity. He sought the truth, and expressed it boldly when he thought that he had found it. Neither the contumely of a derisive mob [1] nor the gilded promises of powerful politicians [2] induced him to write other than he believed. His style as a writer, in its directness and utter lack of affectation, reflects this spirit of sincerity. He testified frequently to the intent of being an honest seeker after truth. To Dr. Kippis he wrote:

"You are, on the whole, a candid and impartial seeker after truth; and I solemnly promise to follow you in the same pursuit . . . let what will be the consequence . . . . If I am mistaken few persons have taken more pains to be rightly informed than I have." [3]

He relied upon reason and honesty, and desired his works to be accepted solely upon their merits. As to any errors he may have made, he says:

"Should anything appear which convinces me that I have been essentially mistaken in what I have asserted, I here assure the public that I will immediately retract it; thinking it no disgrace for a fallible man to confess himself mistaken." [4]

[1] *Gent's Mag.*, vol. xxi, p. 186.

[2] See *Letters to Shelburne*, pp. 2 and 3.

[3] *Letters to Dr. Kippis*, pp. 5 and 132.

[4] *Preface to Six Sermons*, p. iv.

This honest desire to get at the truth was further evidenced by Tucker's custom of submitting his more important manuscripts to friends for criticisms. This was neither perfunctory, nor merely complimentary to the friends. He sought real criticism. In his letters to Dr. Birch and to Dr. Forster, he insisted that they should point out every error which they detected. The best evidence that he really sought the critical judgment of friends is the fact that he sometimes acted upon their expressed judgment. He entirely suppressed [1] a lengthy preliminary discourse citing errors of Locke, because advised by his friends that this might carry readers aside from the central point of the *Treatise on Government*. Two of his most important works [2] survive only because of this practise of seeking honest pre-publication criticism. Only a few of the quasi-manuscript copies, which he had privately printed to distribute among friends for criticism, remain.

V. Tucker Practical

Tucker was a practical man. He managed the church property, under his care, successfully. He was an effective politician, influential in Bristol politics. He aimed always to focus his thought upon any subject into a "polity" to better conditions. These "polities" he endeavored to keep as free as possible from chances for political jobbery.[3] He aims to formulate such programs as will be practicable, and not such as satisfy a visionary ideal. Compromises of this kind he frequently comments upon, for example:

"The author has the following proposals humbly to offer, not as what he himself can recommend as the wisest and best

[1] See *Treatise on Government*, *Preface*, p. i.

[2] *Elements of Commerce*, 1755, and *Instructions for Travellers*, 1757.

[3] See *Appendix of Essay on Trade*, pp. 118–119.

but as the most feasible, the least repugnant to the obstinate prejudices of mankind and therefore the likeliest to be accepted by the contending parties." [1]

He makes one sweeping declaration, which pledges him to offer nothing impracticable for publication. This is his parting word in the *Elements :*

"But tho' the general nature of the subject is so very plain and intelligible and tho' the application of it would be extremely easy to a state *now* in *forming,* yet it requires the nicest and coolest judgment, to adapt the several parts of it to a state *already formed.* Nothing should be offered to the regard of the public but what is really practicable and may be introduced without throwing the body politic into unnatural and dangerous convulsions." [2]

VI. Tucker Tolerant

Tucker was tolerant. He championed the right of the dissenter to dissent.[3] He says that

"Persecution is popery and the worst of popery, come from whatever quarter it may." [4]

He favors keeping the Catholics under disabilities,

"not as a sect in religion but as a faction against the state . . . . not surely to harass and oppress the papists, but to secure ourselves." [5]

No better proof can be given that Tucker was tolerant in

[1] *Proposals for General Pacification, Gent's Mag.*, vol. 1, p. 221. Similar statement in *Cui Bono*, pp. 128–129, and in *Four Tracts*, p. 220.

[2] *Elements*, p. 170.

[3] *Letters to Dr. Kippis*, pp. 61–66.

[4] *Ibid.*, p. 33.

[5] *Reflect. Nat. For. Prot.*, part ii, pp. xiv and xv.

spirit as well as theory, than his strong pleas for the bills for the naturalization of foreigners, and especially of foreign Jews. His persistent advocacy of these bills brought upon him stinging reproach from his fellow citizens.

VII. Tucker Controversial

Tucker was a controversialist. It would have been strange if he had not been one. His logical acumen, his abundant knowledge of facts, and his direct style, fitted him to be strong in debate. He took a great interest in current affairs. His exercise of the clergyman's prerogative of giving advice had doubtless cultivated a proneness to present his opinions upon subjects which interested him. Finally, his life was almost coincident with the controversial, pamphleteering, eighteenth century.

His fondness for controversy is reflected in his works, and largely explains some of the inconsistencies to be found in them. The *Essay on Trade* arranges the material advantages and disadvantages of France and Great Britain in trade, as if it were a source book for debate upon the relative commercial strength of the two nations. The naturalization papers, the treatise upon the trade to Turkey, the papers upon the subscription controversy, the American tracts, and the criticism of Locke are all avowedly controversial. Indeed, with the exception of a few didactic sermons, the *History of Methodism,* and large parts of the *Elements* and the *Instructions for Travellers,* his works are of uniformly controversial cast. His sincerity, tolerance and independence save his works from the extremes of partisanship and the wide bias of advocacy all too common in controversial literature.

VIII. Summary

Josiah Tucker was an independent, sincere, practical, and

tolerant, thinker and writer, well read in the literatures of theology, politics and economics, but more widely versed in the facts of historic and current religious, political and commercial life. In energy and industry, in intellectual power and poise, and in moral stamina, he was eminently fitted to be the creator of an influential system of thought. Tastes and environment led him to study political and economic life. Economic problems were the more immediately pressing for solution, and his environment spoke to him most clearly in economic terms. It would, therefore, have been most natural that his great work should have been a science of economics. Such a work he did plan and partially execute; but, through the increasing burden of clerical duties, through deflection of energy in active participation in current controversy, and, not least of all, through a growing conviction that his generation was not prepared to receive the truth as he saw it, he at first deferred, and finally abandoned, the execution of the great work which would have won him high place in the history of English economics. Although this monumental work was never completed, the rough casts of parts of it, and the lesser works he has left, make possible a presentation of almost his entire system of thought.

CHAPTER IV

THE WRITINGS

BEFORE entering upon a detailed topical analysis of the economic thought in Tucker's writings, an outline survey of them will afford an idea of their extent, of their general nature and of the impelling reasons for their production.

I. BY DECADES

The first published product of Tucker's pen was given to the world in 1739; the last, in 1787. This fifty years of authorship subdivides interestingly. The first decade, 1739-1749, brings but four brief publications upon religious subjects or addressed to religious persons. But during this decade, so apparently unfruitful, Tucker was mastering a wide range of commercial facts and was making the most of an opportunity to understand the busy industrial and trading life of Bristol. He was reading and observing and thinking. The second decade proves this for it is the most fruitful of the five.

During the ten years, 1749-1759, Tucker produced his greatest works. It is plainly his economic decade as an author. It opened with a strong essay in 1749, comparing the trade advantages of Great Britain and France and closed with his most extensive economic work, *Instructions for Travellers,* published in 1757. In 1752 occurred the thoughtful correspondence with Lord Townshend and in 1758 Hume was converted to an economic view of Tucker, in a correspondence with Lord Kames acting as letter-box.

The naturalization essays, clear and tolerant, came in 1751 to 1753. The strong attack upon the privileged Turkish Company was made in 1753. The first two of the Four Tracts were developed in the later fifties tho' not published until later. The crowning economic work of the man, his *Elements of Commerce* appeared in 1755.

Tucker was thirty-six years old at the opening of this decade and forty-six at its close, the very prime of his initiative vigor. Again he entered this period fresh from twelve years of active, observant, inquiring life, in the busy second trade center of great Britain, and he continued to reside and to study the trafficking life there, throughout the decade. These two facts go far to explain (1) that the decade was the most fruitful of his life and (2) that the productions were largely economic in character.

At the same time that this was Tucker's master decade as an economic writer it was his period of greatest activity in practical politics. In both of the Parliamentary contests of 1754 and 1756 when Mr. Nugent was returned for Bristol Tucker was his active supporter. A series of his tracts advocating Nugent's cause were published and his correspondences at this time are almost wholly concerned with election matters. As a reward for his effective political aid to Nugent, the latter secured for him the Gloucester Deanery and the economic decade ended. The scientific economist, who might have produced a master work, was lost in the Dean.

The years from 1759 to 1772 gave the press little from Tucker's hand. A sermon, an essay treating the effect of war upon trade, a study of the poorhouse system and a brief report on improvements in the navigation of the Stroud river, are all that twelve years record from the man who filled the preceding decade with works that entitle him to high rank among early English economists.

Another burst of author power came in the ten years from 1772 to 1782. This may well be styled his political decade. The American controversy papers, by which alone, some know Tucker, came at almost regular intervals from 1774 to 1781. While the economist is everywhere in evidence in these productions and the theories of the fifties are applied to the practical commercial problems of the seventies, discussion of governmental rights is prominent. The questions started by the political topics involved in the discussion led Tucker to examine closely the thought bases of governmental systems. The best of evidence that this decade of authorship is rightly characterized as the political decade, is the fact that in its closing year 1781, he issued his ambitious attack upon Locke, his most extensive work, a theory of government.

The clerical subscription controversy called forth from Tucker during this decade his leading religious controversial papers and in 1776 he published a volume of sermons; but these religious writings are of subordinate importance when compared with his political essays during this decade, just as his activity in practical politics was subordinate to his economic achievements in the mid century decade.

After 1781, there were five brief publications and an author's day was done.

II. The Writings by Topics

Tucker was a philosopher. He sought the fundamental unity of life. He attempted to show that the principles of theology, politics and economics are in ultimate harmony. To these three subjects he gave all of his life as an author, emphasizing now one, now the other, according to the varying stimulus of the day. The widest generalization in all the range of his work, is this often repeated thought that

the true principles of religion, government and commerce, not only are not in contradiction, but fully complement one another. Perhaps the clearest expression of this idea is in the Introduction to his *Elements of Commerce:*

"Let us therefore enter upon the ensuing work, with the following maxim strongly upon our minds viz.: That universal commerce, good government and true religion are nearly, are inseparably, connected. For the directions and regulations of each of these are no other than to make private coincide with public, present with future happiness. And whoever is conversant with the affairs of the world cannot fail to observe, that, whenever the parts of this extensive system have been separated by the arts or folly of men, religion has sunk into superstition or enthusiasm, government has been turned into tyranny and Machiavelian policy, and commerce has degenerated into knavery and monopoly." [1]

In accord with this "system" of Tucker's thought, the obvious topical classification of Tucker's writings is threefold: Works upon religion, upon government and upon commerce. Under such a grouping they will now be classed with brief comments upon the occasion inspiring them.

a. RELIGIOUS WRITINGS

From life choice Tucker was first of all a clergyman. It is fitting therefore that a number of his works should be upon religious and theological themes. It is noteworthy that all the publications of his first author decade are of a religious nature or addressed to religious parties.

In 1739 he published *Queries and Arguments, addressed to Mr. Whitefield concerning Methodism.*[2] Bristol was a

[1] *Elements*, p. 8. A similar statement in *Instruct. for Trav.*, p. 48, where he closes with; "Those men, therefore, who would represent the principles of religion and the principles of commerce as at variance . . . are in reality friends of neither."

[2] *London Mag.*, vol. viii, pp. 340–343.

stronghold of this growing sect of Dissenters and Tucker made a first hand study of their methods and of their development and he expressed his skepticism of the validity of such of their doctrines as were variant from those of the established church.

A Brief History of the Principles of Methodism was published by Tucker in 1742. The author's title page summary of this work is that the rise and progress, together with the causes of the several variations, divisions and present inconsistencies of this sect are attempted to be traced out and accounted for. The Lord Archbishop of Armagh, Primate of all Ireland, had written to Bishop Butler in June of 1741 requesting an account of the "divisions and the quarrels of the Methodists," and Bishop Butler chose Tucker, one of his minor canons, "as being a person well acquainted with their principles and proceedings." The Archbishop was so pleased with the report that he desired that it be published.[1]

The third of these early publications was an occasional sermon upon *Hospitals and Infirmaries Considered as Schools of Christian Education for the Adult Poor and as Means conducive toward a National Reformation in the Common People.* It was preached in the parish church of St. James before the contributors to the support of the Bristol infirmary at their anniversary meeting, held the 18th of March, 1745. It was published by subscription.

The last of these early publications was *A Calm Address to All Parties in Religion Concerning Disaffection to the Present Government.* As the title indicates, it is a churchman's political address. It properly classifies with Tucker's

[1] The facts and quotations here are taken from the preface of the *Brief Hist. of Methodism.* John Wesley himself answered this in his *The Principles of a Methodist*, 1746. In his pages *To the Reader* Wesley states that this is his first controversy directed to a particular person.

political writings. It foreshadowed the active politician of the next decade and prophesied his Whig leanings.

In the opening year of the next decade, 1749, appeared *Two Dissertations on Certain Passages of Holy Scripture,* etc. These dissertations are criticisms of the first volume of the posthumous work of Mr. Thomas Chubb,[1] entitled *Remarks on Scriptures,* etc. The second *Dissertation* is properly to be classed with Tucker's political writings.

In 1753, or earlier,[2] Tucker's *Earnest and Affectionate Address to the Common People of England Concerning Their Usual Recreations on Shrove Tuesday* was published. A new edition appeared in 1787.

In 1757 Tucker issued his first theoretical religious work, *A Short and Familiar Way of Explaining the Important Doctrine of Justification,* etc. This brief tract was addressed "To the inhabitants of the parish of St. Stephen's, in the city of Bristol . . . . by their faithful pastor."

These three tracts are the only publications by Tucker upon religious topics during this whole decade in which his pen was so busy with economic treatises, and with correspondences and pamphlets bearing upon practical local politics.

The fifteen lean years of authorship that followed Tucker's elevation to the Deanship in 1758 record but one religious publication. This was an occasional *Sermon* preached in the parish church of Christ Church, London, May 6th, 1766, at the time of the yearly meeting of the children educated in the charity schools in and about the cities of London and Westminster. Tucker had been for twenty years[3] a mem-

[1] Mr. Thomas Chubb (1697–1747), deist.

[2] This tract is advertised in the back of *Reflect. on Turkey Trade,* 1753.

[3] See *Appendix* of this sermon, which gives a brief history of the Society for Promoting Christian Knowledge.

ber of the "Society for Promoting Christian Knowledge," under whose auspices the sermon was published.

But if the churchman had been less active than the economist and the practical politician in the preceding decades, amends were made in that from 1772 to 1782.

Tucker's first volume of religious discourses, *Six Sermons,* appeared in 1772. The first five sermons are of no unusual type; the sixth is a reprint of the Bristol Infirmary sermon.

In the same year, he entered the lists of the subscription controversy with *An Apology for the Present Church of England,* a letter addressed to those about to petition for the abolition of subscriptions. The argument is firmly for the maintenance of subscriptions, and yet it is fair and tolerant, upholding the perfect right of dissenters to withdraw from the Church of England and to worship as they choose, and favoring the abolition of subscription among such university students as were not to take orders. It is admitted to have been the clearest and most convincing presentation of the side of the controversy espoused by the established church. A second edition was published within the year. The *Letters to Dr. Kippis,* in 1773, continue the same line of argument.

In 1774 Tucker published *Religious Intolerance No Part of the General Plan Either of a Mosaic or Christian Dispensation,* a well-sustained projection of his general freedom theory into the realm of religion; *A Brief and Dispassionate View of the Difficulties Attending the Trinitarian, Arian and Socinian Systems,* a fearless confession that human reason cannot resolve the mystery of the Trinity; and *Two Sermons,* issued with the *Four Tracts.* These two sermons were on commercial themes, the first emphasizing one of Tucker's favorite thoughts, the harmony of the principles of

religion, government and commerce, and the second an excellent and most suggestive discussion of luxury.

In 1776 a new volume of *Seventeen Sermons* came from Tucker's pen. It contained all of the nine sermons previously published and seven new ones, among them one on patriotism (xv) and one on the right of revolution, an occasional sermon on the anniversary of the execution of Charles I. (Number xvii).

b. POLITICAL WRITINGS

Tucker wrote extensively upon political subjects. As was true of most of his works, these political writings were largely stimulated by current events, and were therefore mainly controversial. No attempt will be here made, more than to catalogue these writings, to state the occasions that called them forth, and to outline very briefly the contents of the most important of them.

Three political subjects especially interested Tucker: the right of the reigning line to the throne, the policy of Great Britain towards her American colonies, and the relations of Great Britain to Ireland. His further important political theories concerning war and colonies in general, can be very properly treated under his applied economics, since his arguments relating to these subjects are largely commercial and financial.

The first of his political writings was his *Calm Address,* etc., in 1745, an exhortation for the support of the ruling house in that year of rebellion.

The second of the *Two Dissertations* (1749) is a clear and well-analyzed outline theory of government. His theory can be suggested in a few quoted sentences from this *Dissertation:*

"God gave men inclinations, he gave them the use of reason; and, whenever such an application is made of both, as answers

the general end of government, He gives a sanction and authority to it; and constitutes the magistrate his minister and representative to the people for good. The authority therefore of government is derived solely from God, but . . . . forms of government are the workmanship of men, and may be as various as we please, provided they answer the great end for which all government was ordained of God, viz., the good of the people . . . . The people have a *perpetual* and *inalienable* relation to the ends of government i. e., they have *always* a *right* to be governed *well,* be the governors who they *will.* But their relation to the means, to the particular governors subsists no longer than while they are means i. e., during the time they can properly protect and defend their subjects . . . . That as government was designed for the good of the people, the body of the nation or their representatives are the best judges when and how far this end is answered," . . . . As to the English Revolution his position, an application of the principle above quoted, is indicated in a single sentence: "They (persons engaged in the Revolution) allowed that he (King James) had a good title to govern; but not to govern wrong." [1]

During the Bristol parliamentary election of 1754, Tucker wrote a number of pamphlets [2] in support of Mr. Nugent. These sharpwitted appeals to the voters materially aided towards Nugent's election, and incidentally contributed to Tucker's later preferment to the Gloucester Deanery. They evidence a practical shrewdness and a persuasive insight into human nature.

The war with the American colonies combined with the subscription controversy to bring Tucker again into the publication arena, after twelve years of almost complete inac-

[1] *Two Dissertations*, pp. 43, 47, 52, 53 and 54.

[2] See Bibliography of Tucker's works for 1754, for the titles of these tracts.

tivity. His thirteen American tracts [1] were written from 1774 to 1783. Their central thesis is thus stated by Tucker himself:

"The grand principle which runs through all of my treatises on the subject of America viz., that the colonists in quarreling with the mother country are essentially hurting themselves and greatly, tho' not intentionally benefiting us by obliging us to see and pursue our own true and lasting interest." [2] [viz. separation.]

These tracts comprise the most noteworthy series of pamphlets that was written upon the subjects brought forward by the American war.

In 1775, at the close of Lord Clare's (Mr. Nugent) twenty years' representation of Bristol in Parliament, Tucker published a eulogistic *Review of Lord Clare's Conduct as a Representative of Bristol.*

In 1779 Dean Tucker's *Reflections on the Terrors of Invasions* first appeared. This tract, which argues the practical impossibility that there could be landed upon English shores any continental army sufficiently strong and well-

[1] See Bibliography of Tucker's works at close of this volume for the titles of these tracts. Because legislators were heedless of his plea for separation from the colonies, Tucker signed a number of these pamphlets "Cassandra," *e. g.*, *The Dean of Gloucester's Tho'ts, etc.*, *Further Tho'ts, etc.*, and *Proposals for General Pacification.*

[2] *Series of Answers*, p. 40. A comment Tucker makes upon Locke in one of these American tracts will interest students in politics: "As a man I have no ill will against Mr. Locke. When I was inexperienced twenty years of age, I thought him an oracle in metaphysics and politics. At the age of 30 I discovered he was not so original as I had supposed. At 40, 50, 60 and up I saw the tendencies of his writings, that his works had done more harm than good; . . . a mixture of error in the best of them . . . Constant commotions and rebellions would be the fruit of following his works." *Four Letters to Shelburne*, pp. 109–112.

subsisted to conquer England, was reprinted in 1806, to allay popular fear of a French invasion.

The study of the American colony question led Tucker to inquire more deeply into the theory of government, and this inquiry culminated in his most ambitious political work and his most extensive single volume, *A Treatise Concerning Civil Government.* In this volume he examines and attempts to confute the "notions of Mr. Locke and his followers concerning the origin, extent, and end of civil government;" he constructs his own theory of civil government; he compares the forms of civil government; and he censures England's former Gothic Constitution. Worthy of especial mention is the clearness with which he states the political biped thesis in his objection to Locke's idea that government originates in contract. A single sentence from his two-page exposition of this thought will evidence his insight:

> "The instincts and propensities of mankind towards social life are in a manner so irresistible that I might almost say men will as naturally seek to enjoy the blessings of society as they do to obtain their daily food." [1]

Even a meager outline of this four-hundred-page volume would require more space than can be allotted here. The opinion may be hazarded that students of the history of English political theories will find in this *Treatise,* and in the second of the *Two Dissertations,* suggestive thought about government, worthy ampler notice than it has received.

In 1783 Tucker published his *Four Letters to the Earl of Shelburne.* The first letter belongs to the American tracts, and argues that those colonies had ever been a millstone hanging about the nation's neck, and that they at last had themselves cut the rope which the nation was too blind to

[1] *Treatise on Gov't,* p. 50.

do voluntarily. The remaining three letters praise the British "mixt" form of government and further criticize Locke.

In 1784 *Dean Tucker's Opinion on the Present Most Interesting Dispute* appeared in two of the current magazines.[1] The dispute concerned the influence which the House of Commons should exert upon the selection of ministers by the King. Tucker argued that the royal appointing power is constitutionally wholly independent of preferences of either of the Houses of Parliament.

A Sequel to Sir William Jones' Pamphlet, etc., in the same year, continued Tucker's discussion of the principles of government.

Tucker had argued a number of times [2] for the union of Great Britain and Ireland. In 1785 he published a complete tract [3] upon this subject, arguing the inevitableness of union at some time, but declaring that, from Ireland's standpoint, that time had not yet come. In 1799 Dr. Clarke published [4] a number of answers made by Tucker, in 1785, to queries concerning the advisability of the union of Great Britain and Ireland, submitted to him by Tucker.

c. THE ECONOMIC WRITINGS

There are but few of the theological and political writings, mentioned above, which do not give frequent evidences that their author was an economist. A number of them,

[1] *Europ. Mag.*, vol. v, pp. 220–221; *Gent's Mag.*, vol. liv, pp. 202–203.

[2] *Four Lett. to Shelburne*, p. 15; *Essay on Trade, 3d Ed.*, p. 59; *Manifold Causes Increase of Poor, Advertisement;* Section ix of Book ii, chap. ii of the *Elements* was to contain a "Polity for the Perfect Incorporation of Ireland."

[3] *Reflections on Present Matt. in Disp. Bet. G. B. and Ireland, etc.*

[4] *Union or Separation.*

whose titles classify them clearly with religious or political works are in content economic.[1]

The first of the strictly economic writings opened the ten years of Tucker's authorship characterized as his economic decade. It was *A Brief Essay on the Advantages and Disadvantages which Respectively Attend France and Great Britain with Regard to Trade.* This *Essay* was first published in 1749, a second edition appearing in 1750, and a third, with large additions in the form of "proposals" of ways and means to enlarge Britain's commerce, in 1753. France was looked upon as Britain's peculiar rival in trade and in colonization. It was, therefore, a natural choice that Tucker, for twelve years a resident of seaport Bristol, made, when he began his career as a writer upon commercial themes, with a careful factual comparison of the strong and weak points of his own nation and its most powerful opponent in the struggle for world commerce and conquest. To this comparison the body of the original essay is devoted. The proposals in the appendix to the edition of 1753 foreshadow Tucker's later, more complete expositions of his theories of freedom in trade, of monopolies, of bounties, of warehousing, of canals, of colonies, and of immigration. They close with a twenty-page explanation of a tax system for Great Britain. The introduction to the whole essay is noteworthy for its suggestions as to (1) the possibility of a science of economics, (2) the basic importance of self-interest in the new science, (3) the relations of individual and of social interest, (4) a philosophy of exchange, and (5) a theory of prosperity. All of these themes are elaborated in Tucker's later works, especially in the *Elements of Commerce* and the *Instructions for Travellers.*

The English people had quite consistently opposed the in-

[1] *E. g.* Sermons vii and viii of *Seventeen Sermons.*

coming of foreigners throughout their history. The entrance permitted to immigrants under Edward III. and under Elizabeth was exceptional. Under Anne, in 1709,[1] an act was passed for the naturalization of foreign Protestants; but British aversion to foreigners was so great that this act was repealed in 1712.

In the middle of the eighteenth century a vain attempt was made to pass again such an act. Mr. Nugent, afterwards Bristol's representative in Parliament, and a friend of Tucker, early in the session of 1751, brought forward a bill for the naturalization of foreign Protestants who fled to England to escape Rome's power on the Continent. The great trading corporations opposed it; but the Bristol common council and the Merchants' Society of Bristol favored it.[2] Tucker championed the immigrant. In his *Reflections on the Expediency of a Law for the Naturalization of Foreign Protestants,* published in two parts (one in 1751 and one in 1752), he clearly stated the arguments for naturalization and refuted the claims of the opposition.

Although Parliament refused naturalization privileges to foreign Protestants in 1751, it is curious to find that in 1753 it passed an act for the naturalization of foreign Jews. Tucker favored this act in his two *Letters to a Friend Concerning Naturalization* (1753). In the *General Evening Post,* in September of 1753, he answered the charges made by the *London Evening Post* that the Jews were guilty of such practises as crucifying infants. This answer was in a tract entitled, *A Full and True Account of Many Barbarous, Bloody, Cruel and Inhuman Murders.* These naturalization papers were very able pleas, but were not strong enough to overcome the blind avesrion of the nation for foreigners. Prejudice, inflamed by such charges as those made

[1] 7 Anne, ch. v.

[2] *Annals of Bristol,* p. 289, by John Latimer.

by the *London Evening Post,* again prevailed, and in 1754 the act permitting Jews to naturalize was repealed, leaving the naturalization laws substantially as they were at the opening of the mid-century controversy concerning them.

Tucker's opposition to chartered exclusive companies was suggested first in his *Essay on Trade,* and was amplified somewhat in the *Proposals* added to the *3d edition* of the *Essay,* in 1753. In this same year he specifically applied this theory, in a well-sustained attack upon the privileges of the company chartered to carry on a trade with Turkey.[1] This attack was more immediately effective than that of the naturalization papers; it was largely instrumental in causing the opening of the Turkey trade in 1754.

This same thesis of opposition to privileged trading companies is further maintained in Tucker's greatest economic work, *The Elements of Commerce and Theory of Taxes.* This treatise was printed, in 1755, for private distribution, that friends might give the author the benefit of their criticisms. About sixty copies of it were sent to various friends,[2] with the injunction that they should be returned to

[1] *Reflections on Exped. of Opening Trade to Turkey*, 1753. A second edition, with an Appendix in 1755.

[2] The copy of the *Elements* in the "Ford Collection" of the New York Public Library (Astor Division), has many marginal manuscript suggestions by Archbishop Secker, of Canterbury. As a result of reflection upon one criticism by the Archbishop, Tucker has erased the printed title "The Elements of Commerce and Theory of Taxes," and has written above it "The Moral and Political Theory of Trade and Taxes," which probably would have been the title for his great work had he ever completed it for publication. It is interesting to note, in this connection, that when, two years later, he printed his *Instructions for Travellers* (also for private distribution), he sub-titled it "A Plan for Improving in the Moral and Political Theory of Trade and Taxes by means of Traveling."

The British Museum Library copy of the *Elements* has very few marginal notes and has no indication as to the author of these notes.

the author. This work is very rare now,[1] a fact which probably accounts for so little notice being taken of it. It was looked upon by its author as but part of a great work which he had sketched out as early as 1752.[2] *Tract II.* of his *Four Tracts* appears with its title-page comment, "A Fragment of a Greater Work," and the *Instructions for Travellers* (1757) is also but the development of a single section of the planned great work.

In the preface [1] to the *Four Tracts* occurs Tucker's own account of his plan for this great work:

"The facts set forth that it (Tract I) is a fragment of a greater work. This work was undertaken at the desire of Dr. Hayter, then Lord Bishop of Norwich and preceptor to the Prince of Wales, his present Majesty. His Lordship's design was to put into the hands of his royal pupil such a treatise as would convey both clear and comprehensive ideas on the subject of national commerce, freed from the narrow conceptions of ignorant or the sinister views of crafty and designing men; and my honored friend and reverend Diocesan, the late Lord Bishop of Bristol, Dr. Conybeare, was pleased to recommend me as a person not altogether unqualified to write on such a subject. I therefore entered upon the work with all imaginable alacrity, and intended to entitle my performance 'The Elements of Commerce and the Theory of Taxes.' But I had not made a great progress before I discovered that such a work was by no means proper to be sheltered under the protection of a royal personage, on account of the many jealousies to which it was liable and the cavils which might be raised against it. In fact, I soon found that there was scarcely

McCulloch states (p. 50 of his *Literature of Polit. Econ.*), that the copy of the *Elements* then in his possession had a few inconsequential notes by Earl Shelburne, afterwards First Marquis of Lansdowne.

[1] See note on this work in Bibliography.

[2] See letter of June 1st, 1752, to Lord Townshend in *Hist. Mss: Com. 11th Report* (1881) *Appendix*, Part IV, p. 378.

a step I could take but would bring to light some glaring absurdity which length of time had rendered sacred, and which the multitude would have been taught to contend for as if their all was at stake; scarce a proposal could I make for introducing a free, generous and impartial system of commerce, but it had such numbers of popular errors to combat as would have excited loud clamors and fierce opposition; and therefore as the herd of mock patriots are ever on the watch to seize all opportunities of inflaming the populace by misrepresentations and false alarms; and as the people are too apt to swallow every idle tale of this sort I determined to give no occasion to those who continually seek occasion. In short, as I perceived I could not serve my Prince by a liberal and unrestrained discussion of the points relative to these matters, I deemed it the better part to decline the undertaking rather than do anything, under the sanction of his patronage, which might disserve him in the eyes of others. For these reasons I laid the scheme aside; and if ever I should resumé and complete it, the work shall appear without any patronage, protection, or dedication whatever." [1]

In his correspondence with Lord Kames, Tucker referred several times to his great work, and defended himself against the charge evidently pressed by Lord Kames, that he was unduly delaying its publication.[2] In 1761 his plea was that it would be useless to publish such a work then:

"War, conquests and colonies are our present system, and mine is just the opposite. Were I to publish at this juncture, the best treatment I could expect is to be taken for a knave or

[1] *Preface* to *Four Tracts*, pp. ix to xi.

[2] This delay is explained in the passages given. In the *Advertisement* to the *Manifold Causes for Incr. of Poor*, Tucker expressly denies that the delay was due to failure to secure subscriptions; that there had been no attempt to get a list of subscribers. The explanation of the delay, as given in Palgrave's *Dictionary of P. Econ.*, appears then to be erroneous.

a madman . . . . I look upon the nation at present to be frantic with military glory and therefore no more to be argued with than a person in a raving fit of a high fever." [1]

Again he gives reasons for abandoning his "political children:"

"I have been too forward in my publications already and those who think most favorably of my performance, consider them as the flights of a well meaning visionary . . . . In the second place there is nothing in the present disposition of the times to encourage one to hope he can do good . . . . the popular jury tears down everything before it and nothing is read or regarded but as it suits the fashionable frenzy.[2] . . . If I should ever publish this work it shall be . . . . to give orders for the publication of it after my decease [3] . . . . . But with regard to my great work, the fact is, that I am not ready for publication, were I ever so willing; nor can I say when I shall be, for the avocations belonging to my new office of Dean are too many and too important to be omitted etc." [4]

These other duties seem to have continued to monopolize his time, for the comprehensive plan was never carried out. And so it came about that only fragments are left; but these fragments are important, for they give a very good idea of the whole.

The *Elements* was intended for the opening of this work. Its preliminary discourse, setting forth the natural disposition or inclination of mankind towards commerce, presenting universal principles in a science of commerce, and

[1] *Memoirs of Lord Kames*, vol. iii, pp. 163–164. Letter of October 18, 1761. The reference to a "frantic nation" shows the influence of Bishop Butler's query as to national insanity.

[2] *Ibid.*, pp. 166–167. Letter of Dec. 10, 1763.

[3] *Ibid.*, p. 172. Letter of Dec. 26, 1763.

[4] *Ibid.*, pp. 173–174. Letter of Feb. 15, 1764.

arguing the fundamental importance of self-interest in the new science—this preliminary discourse alone stamps Tucker as an unusually clear thinker and suggestive writer upon economic subjects. At the close of the *Elements,* Tucker has given a full outline of his tentative plan for a great work. This entire "skeleton," as Tucker calls it, has been printed as an *Appendix* to this monograph for several reasons: (1) It reveals a well-matured plan for an extensive, systematic, master-work. It gives a fuller conception of the wideness of the man's information, of the range of his thought, and of the clearness and completeness of his analyses, in economics, than can be given in any other way. (2) Its subtopics are, in several cases, the only definite statements Tucker has left upon the subjects to which they refer. (3) The whole furnishes a general outline guide for such an arrangement of the later topical presentation of Tucker's contributions to economic thought as will fairly represent his own system. (4) The volume in which it occurs is a very rare one.

Four lesser economic productions belong to this virile decade. In 1751 Tucker made his contribution to the current writings on the liquor problem. He entitled his tract, *An Impartial Inquiry into the Benefits and Damages Arising to the Nation from the Present Very Great Use of Low-priced Spiritous Liquors,* etc.[1]

In 1755, when war was imminent, Tucker published *The Important Question Concerning Invasions, a Sea War, Raising the Militia and Paying Subsidies for Foreign Troops,* etc.

A brief pamphlet upon *The Case of the Importation of Bar Iron from Our Own Colonies of North America* Tucker

[1] See part ii, chap. i, section i, sub-section b, of this monograph, for the argument of this tract.

produced in 1756. It argues, from the standpoint of British manufacturers, for the free importation of American bar iron.

The closing product, fairly attributable to this decade, was not published until 1774, when it appeared as the first of the *Four Tracts*. It was *A Solution of the Important Question whether a Poor Country.. . . Can Supplant the Trade of a Rich Manufacturing Country*. The material in this pamphlet had been developed by Tucker as early as 1758, when he argued at length this very question in the correspondence carried on with Hume through Lord Kames.[1] The tract, as published in 1774, is the most suggestive of all of Tucker's minor works. It evidences his powers in both abstract and concrete presentation of truth, his directness and simplicity of style, and his breadth of view. In it Tucker (1) asserts the possibility of a science of economics, (2) clearly distinguishes *a priori* from *a posteriori* reasoning, (3) declares a harmony between the principles of economics and those of ethics, (4) urges a general naturalization law, (5) notes the importance of capital and of the division of labor, (6) outlines a philosophy of international exchange, (7) develops the thought that all nations may grow rich together, (8) refutes the bullionist error, (9) rejects the parallel between private and national bookkeeping, (10) denies the development-decadence analogy between the individual and the nation, (11) presents a theory of national prosperity, and (12) condemns war—and all this concisely stated within the narrow range of fifty-six octavo pages. No man could have written this tract who was not a theorist of unusual powers in the subject of economics.

[1] See *Memoirs Lord Kames*, vol. iii, pp. 158–161. Letter of July 6, 1758.

In addition to his published works, Tucker carried on at least two correspondences upon economic themes during this decade from 1749-1759. The one with Mr. Hume, in 1758, has already been mentioned above. The other, carried on in 1752-1753 with Lord Townshend, was referred to in the account of Tucker's life. Time will probably reveal to manuscript searchers other such correspondences.

The ten years, from 1749-1759, was the most fruitful decade of Tucker's author life. He was old enough to have insight and good judgment, and yet young enough to have enthusiasm and initiative vigor. A summary of his writing during the ten years will amply justify the characterization of it as his economic decade: He discussed at length the trade relations between Great Britain and France; he took a prominent part in two absorbing national discussions, those upon naturalization and upon the Turkey trade; he interestingly developed a number of minor economic themes, and corresponded upon economic subjects with prominent men of the day, to their frankly acknowledged instruction; and he planned, and partially executed, the first systematic treatise, in the English language, covering the full range of economic thought. It is no wonder, in the presence of such a record for a single ten years, that sarcastic Warburton shot his stinging shaft at Tucker as the clergyman who "made a religion of trade."

During the relatively barren author years that followed Tucker's elevation to the Deanery of Gloucester, he published two pamphlets upon economic subjects, *The Manifold Causes of the Increase of the Poor,*[1] and *Improvements and*

[1] See this monograph, part ii, chap. ii, sect. iii, sub-sect. (c), for an outline of this pamphlet. The Stroud River pamphlet is merely descriptive of attempts to navigate that river with the aid of powerful lifting cranes instead of more expensive locks.

Savings in Inland Navigation Exemplified on the River Stroud. Both of these appeared in 1760, and were thus virtually but an afterglow of the brilliance of the economic decade.

During the fourteen years from 1760 to 1774, Tucker wrote but one economic tract, *The Case of Going to War for the Sake of Trade,* published in 1763, and republished as *Tract II.* of the *Four Tracts.* It was occasioned by reflections upon the Seven Years' War, and it voices Tucker's opposition to war.

In the years from 1774 on, Tucker published a number of minor economic tracts. In 1774 *Four Tracts* and *Two Sermons* appeared. The first two of the tracts have already been mentioned as attributable to an earlier period. The remaining two tracts were political. The *Two Sermons* are his "commercial sermons," one an interesting discussion of luxury,[1] which he intended as models to show that commercial themes could be properly and profitably dealt with by a clergyman. These sermons occur as sermons vii and viii of the *Seventeen Sermons* (1776).

In 1778 he issued *The State of the Nation in 1777 as Compared with . . . 1759,*[2] which foreshadows the modern national census. It is written as a suggestion to legislators, and especially to malcontents, and indicates certain investigations which it would be profitable for them to make.

In the years after 1780 Tucker issued but one pamphlet and one brief magazine article which can be classed with his economic works. The pamphlet appeared in 1782, and is entitled, *Reflections on the Present Low Price of Coarse*

[1] See this monograph, part ii, chap. i, section i, sub-sect. (a), for an outline of his discussion of luxury.

[2] See this monograph, part ii, chap. v, section v, for the contents of this tract.

Wools, etc. It gives his opinion upon the falling prices of this staple product, which occasioned considerable speculation at this time. In 1784 he proposed *Subjects for Dissertations and Premiums to be Offered to University Students.*[1] He was of the opinion that the general tenor of academical studies afforded little instruction in the civil, political, and commercial interests of the nation:

"A student may excel in that knowledge required for his degree . . . . and yet be very deficient in that knowledge necessary to form the public spirited citizen, the enlightened senator and the real patriot and what is worse, the greater his zeal, without such knowledge, the more liable he will be to pursue wrong measures."

As a partial remedy for this lack in the university curricula, he proposed that prizes be offered in the English and Scotch universities for the best student dissertations upon selected subjects. He proposed subjects canvassing such territory as: The effect of war upon national commercial strength, the relative productiveness of slave and of free labor, and the results of complete abolition of monopoly.

The tract, *Reflections upon the Present Matters in Dispute between Great Britain and Ireland* (1785), was political in intent, and has been classed with his political works, although it is, in main part, an arraignment of monopolies.

[1] This article appeared in *Europ. Mag.*, vol. xxi (Jan., 1792), pp. 17–18. It was first published as *Appendix* to *Reflect. Dispute G. B. and Ireland*, 1785.

PART II

TUCKER'S ECONOMIC THOUGHT

INTRODUCTORY NOTE

This PART II aims to present Tucker's economic thought. There are a number of important ideas which serve as a background to all of Tucker's economic writings. It will contribute to readier grasp of the more detailed development of his thought if these ideas are first clearly in mind. Therefore, Chapter I has been devoted to a presentation of these *Fundamental Notions.*

In the remaining six chapters of PART II, attempt has been made to give Tucker's entire system of economic thought as concisely as is consistent with conveying a clear conception of the wide range of that thought. The subject-matter has been presented, as nearly as the limitations of the present plan will permit, in the order outlined by Tucker himself, in the plan for his master-work.[1]

Endeavor has been made to set forth, in Tucker's own words, all of his important economic ideas. To effect this, quotations have been made freely; but no quotation has been introduced for the mere sake of quoting. Each has been

[1] See *Appendix* for this *Skeleton*.

carefully chosen as representative of perhaps many similar expressions of Tucker's thought. Further, no quotations have been garbled. Each has been given in sufficient fullness to allow the reader to interpret Tucker for himself. Whenever elisions occur in the body of quotations, they have been made solely for the sake of abbreviation. The part given exactly conveys the complete spirit of the passage.

The present author entered upon his study of Tucker without any bias. He held no thesis which he desired to prove. His aim throughout has been to understand what Tucker has written upon economic subjects and to present fairly the substance of those writings. He has conscientiously striven that the following chapters may convey substantially those impressions which any open-minded student of economics would receive, who should painstakingly study the nearly four thousand printed and manuscript, octavo pages of Josiah Tucker's writings, which are extant.

CHAPTER I

FUNDAMENTAL NOTIONS

TUCKER begins his analysis from the psychologist's point of view. Conceiving the possibility of a science of commerce, and accurately divining the psychological nature of that science, he opens his great work [1] with a "preliminary discourse setting forth the natural disposition or instinctive inclination of mankind towards commerce."

He defines commerce thus:

"Commerce, I mean, in the large and extensive signification of that word; commerce as it implies a general system for the useful employment of our time; as it exercises the particular genius and abilities of mankind in some way or other, either of body or mind in mental or corporeal labor." [2]

This definition obviously widens the term commerce so that it includes the whole range of economic activity, and one who is reading Tucker must keep this sense of the word in mind. A science of commerce so defined is a science of economics.

That Tucker had a clear conviction that commerce was reducible to a science is evidenced by many references in his works. For examples, in 1749 he wrote:

[1] The full synopsis of this great work (partially executed and partially only thus outlined) is printed in the Appendix of this monograph. The order of topical arrangement indicated by this outline of Tucker, has been substantially followed in the following pages, that the impression received in reading them may be as nearly as possible that which Tucker planned.

[2] *Seventeen Sermons*, pp. 138–139.

"Men of a liberal and learned education have disadvantageous ideas of the study of commerce . . . . it has been represented as a dry, unentertaining subject, dark and crabbed, perplexed with endless difficulties, not reducible to any fixed and certain principles. But upon examination it will perhaps appear that this representation is very false and injurious. . . . . The principles of trade, therefore, being so clear and certain in themselves etc." [1]

and in 1755 he opens his *Elements* with:

"The principles laid down in the ensuing treatise are for the most part general and universal, viz., such as would suit (with very little alteration) any kingdom, state, or climate, whatever and are therefore called *The Elements of Commerce*." [2]

Preliminary to his attempt to state and to make application of what he conceives to be the principles of the science, he analyzes human nature, concluding:

"Therefore the general and constituent principles of human nature may be summed up: Man hath the appetities of an animal, the temper and affections of a social being, and the understanding of a rational agent." [3]

The analysis proceeds to unfold the relations of this animal appetite, this social benevolence, and this regulative reason. A running abstract will give a clearer notion of the trend and connections of the thought than if the excerpts be given piecemeal and then commented upon.

Tucker observes that as animals, men are more deficient by nature than any other tribe of beings, for they need clothing and shelter. Other animals are quickly able to supply all of their wants, but never progress, *e. g.*,

[1] *Essay on Trade*, pp. viii and ix.

[2] *Elements*, *Advertisement*.

[3] *Elements*, p. 3.

"the first nest is as admirable as the last." Few lower animals "discover any disposition to divide the labor of the community into different branches or assign distinct parts to the respective individuals . . . . Wheresoever any tribe of animals distributes the labor of the community into different parts (as is reported to be the case among beavers, ants and bees, it hath always been observed that those make some advances superior to mere animal life." [1]

"But the social instincts are for the most part, the prerogative of man . . . . mankind therefore being thus under the influence of social and benevolent instincts as naturally seek society in order to gratify these social instincts, as they require food for appeasing the appetite of hunger." In society thus formed there arise artificial needs "to be called social because their first rise and subsequent increase must be ascribed to society. And as our present secular happiness appears to arise from enjoyment of superior wealth, power, honor, pleasure or preferment, self-love, the great mover of created beings, determines each individual to aspire after these social goods and to use the most probable means of obtaining them. Thus, therefore, the passion of self-love operates, with much greater force when excited by such a long train of objects than it possibly could do were men strangers to the artificial wants, the refinements and decorations of social life. And yet were this passion to proceed without direction or control, it would in a great measure defeat its own ends. For self-love is narrow and confined in its views, and admits no sharers or competitors, wherever it can exclude them . . . . and tho' in fact all such mutual exclusions must end in mutual poverty, so that even self-interest is a loser, in the end, by these pernicious schemes, yet the mass of mankind ever did and ever will proceed in this way as far as they have power. They will always regard the present moment and be blind to future consequences . . . . . Indeed I grant that the social instinct of benevolence is some check upon this selfish monopolizing

[1] *Elements*, p. 4.

principle; but it is so very feeble that it would be quite ineffectual to prevent the mischief arising from inordinate self-love, were there no stronger curb to rein it in. For the love of self is implanted in human kind much more strongly than the love of benevolence, according to the English proverb: 'Self knows no fellow.' Therefore reason and reflection must be called in to the aid of the social and benevolent principles. But what is the office of reason? Not surely, to extinguish self love. That is impossible. And it might be questioned whether it would be right even to diminish it, for all the arts and sciences, and the very being of government and commerce, depend upon the right exertion of this vigorous and active principle. And were it once restrained or weakened, human nature would make but feeble efforts towards anything great or good. Nay, in such a case, the social temper itself would want a spur, and all the benevolent affections being destitute of their proper incitement would be very faint and languid in their operations. Consequently the main point to be aimed at is neither to extinguish nor to enfeeble self-love, but to give it such a direction that it may promote the public interest in pursuance of its own; and then, the very spirit of monopoly will operate for the good of the whole. And if this is the proper business of reason, considered in the abstract, the reason or public wisdom of a state or community is particularly called upon to pursue such a law. This politic direction of the pursuits of various individuals towards one common end, the study of philosophies and the aim of every wise legislature, will be found to be nothing more than a strict and scrupulous observance of Christian morality. . . . . Where the auxiliary motives of reason are called in to the aid of social love or diffusive benevolence, the latter become in a good degree a counter agent to inordinate self-love. So that the circulation of commerce may be conceived to proceed from the impulse of two distinct principles of action in society, analogous to the centrifugal and centripetal forces in the planetary system." [1]

[1] *Elements*, pp. 5–8.

Four of the topics suggested by this extended abstract deserve particular notice. They are, 1st, human wants; 2d, self-interest; 3d, the relation of economics to ethics; and 4th, the theory of national prosperity. Tucker develops these four topics somewhat fully, and an attempt is here made to present his complete thought upon the subjects by correlating the partial analyses of them scattered through his various works.

I. Wants

With an insight remarkably prophetic of the economic analysis accepted at the present day, Tucker opens his great work with a study of the wants of man. He sees that man is the important subject for economic analysis. He, therefore, seeks in man's nature for the explanation of the world of commerce which he desires to understand. And, first of all, he sees that there are wants, and that stimulated by these wants men seek to satisfy them.

Considered merely as an animal, "man has animal wants, and is incited to provide for them much the same as animals." [1] But as a social being, man develops other than crude animal wants, and these are to be called artificial wants. This distinction is clearly stated in the opening of his chapter on the polities for the extension of commerce. After defining commerce, he continues:

"And this employment is derived either from the natural or the artificial wants of mankind. The natural wants, as hath been observed, are such as belong to man in common with other animals. But the artificial wants are peculiar to him as a member of civil society. Though, indeed, in another sense, these very artificial wants may be styled natural, because they arise from the peculiar nature of man as distinguished from other

[1] *Elements*, p. 3.

creatures. But this being a less intelligible way of speaking, it would be better to keep to the former division into natural and artificial. . . . If a man is poor, he can supply himself only with necessities;[1] . . . if rich, he can get useful and convenient things." [2]

Natural wants, then, appear to be demands for the most meagre necessities of individual physical life. Any social-born want is artificial. Thus even the Indians of America have developed some artificial wants:

"True, they have not the *same* artificial wants, . . . but they do want beads, etc., . . . and ammunition. . . ." [3]

Tucker believes that the artificial wants may stimulate either social development or social degeneracy. Perhaps his most sweeping generalization in dealing with the subject of want is:

"The support and extension of commerce must result from the multiplication of the artificial needs of man." [4] This same thought is in the query: "Whether the artificial wants of mankind, properly circumstanced and under due regulation, are not the great master-spring of the machine of commerce?" [5]

But Tucker sees the possible evil, as well as the potential good, of artificial wants. This is shown by his query:

[1] Elsewhere he suggests the present time honored classification in a phrase: "Every necessary, every comfort and elegance." See *Four Tracts*, p. 67.

[2] *Elements*, p. 41. For the same thought well stated, see *Reflect. Nat. For. Prot. Part* II, p. 10, *note*.

[3] *Essay on Trade, 3rd Ed.*, p. 80.

[4] *Elements*, p. 41.

[5] *Reflect. Nat. For. Prot. Part* II, p. 10.

"When these (artificial) wants degenerate into vice, intemperance, and extravagance, whether they do not then become a great obstacle to the constant and regular motion of the machine, and indeed have a necessary tendency to stop it at last?" [1]

It is such insight that leads him to criticise Mandeville's famous pamphlet:

"What an absurdity, therefore, was it, in the author of 'The Fable of the Bees,' to say that private vices are public benefits. It is virtue alone that can make a nation flourish, and vice of every kind is either immediately, or in its consequences, injurious to commerce." [2]

An artificial want which Tucker mildly criticises, and to which he often refers, is the desire for foreign wares—the desire that led French women to wear English silks and jewelry, and that induced the English to use French wines. He explains this thirst for foreign goods as due to a craving for distinction. Of this desire for distinction he writes:

"The passion of wishing to be distinguished is, indeed, universally implanted in human nature, and may be made subservient to both good and bad purposes." [3]

But the two wants which Tucker emphasizes as degenerating, and which he treats at length, are desires (a) for luxury and (b) for spirituous liquors.

a. LUXURY

To the discussion of luxury he devotes an entire sermon, one of the two which he called his "commercial sermons." In it he defines luxury, traces its fatal effect upon public

[1] *Reflect. Nat. For. Prot. Part* II, p. 11.

[2] *Essay on Trade, 3rd Ed.*, p. 130.

[3] *Cui Bono*, p. 43.

welfare, and gives test rules to determine the proper expenditure of private incomes. In opening the discourse, he confines his thought to the use or abuse of the world so far as it affects

"the more costly ornaments of life and those embellishments which belong to the higher ranks of society. For if it can be proved that luxury retards even grandeur and magnificence, then surely it will be quite superfluous to descend to inferior matters." [1]

He defines the form of luxury with which he deals:

"The first characteristic of luxury is when expense exceeds ability, that is, when men figure away in the great world for a time and then either sink into poverty or obscurity, or else take bad courses to support their extravagance. The second is when persons live after such a manner as, though it may last for their own time, will, nevertheless, prevent them from making a provision, or at least an adequate provision, for the succeeding generation. This, indeed, is little more than a removal of the former evil to a more distant period." [2]

He expressly omits from the discussion the forms of luxury that connote "indulgence of the carnal appetites," and undertakes to prove that

"Luxury, even in high life, and even in the most favorable view of it, is not that useful thing to society which moralists themselves have incautiously granted, and which advocates for vice have pretended to demonstrate." [3]

He assumes the case of a capital city whose inhabitants live luxuriously, as he defines the term, and pictures how,

[1] *Seventeen Sermons*, p. 152.

[2] *Ibid.*, p. 153.

[3] *Ibid.*, p. 154.

from a transient splendor, the city inevitably sinks to ruins. Beyond the third generation

"by a natural transition, the few wretched descendants of the first prodigals would be glad to inhabit some corner of the mouldering palaces of their ancestors, fitted up as huts or hovels for their reception." [1]

The only remedy is

"to substitute a more virtuous, frugal and industrious set of men [2] . . . . if we are to imagine that the inhabitants of this metropolis did begin from the lowest stages, then we must allow that the necessaries of life must have been the first objects of their care. . . . After these had been sufficiently provided for, and a growing fund of wealth established, mankind would naturally expand their ideas and extend their thought to the comforts and conveniences of their respective condition . . . . Very likely the first generation would here terminate their views; . . . . but the second generation, still persevering in the same plan of good economy, would be enabled, without detriment to their circumstances, to advance higher, so that the works of genius would begin to appear. . . . . From such elegancies and refinements the gradation is easy and natural to that which is grand and magnificent, and thus the affairs might be carried on . . . throughout an almost endless progression and variety." [3]

These latter men, Tucker says, are the real "patrons of the arts." He concludes the discussion by noting (1) the fundamental harmony of ethics and economics, and (2) that

"Temperance and excess are relative terms whose significa-

[1] *Seventeen Sermons*, p. 155.

[2] *Ibid.*, p. 155.

[3] *Ibid.*, pp. 156–157.

tion must be ascertained by the circumstances of the case, . . . the respective constitution, circumstances, age and condition, of this or that particular individual." [1]

This thought of the temperate man leads him to frame rules for wise expenditure:

"Thus, for example, he who uses this world properly . . . is he who adjusts his enjoyment to the following standard, viz.: 1st, when his expenses are brought within his income; 2dly, when he makes a decent and adequate provision for his family and dependents; 3dly, when he lays by for contingencies; 4thly, when he obliges himself to be a good economist, in order the better to be able to provide for the necessities of the poor; 5thly, when he indulges himself in no gratification which may injure either the health of his body or the faculties of his mind; 6thly, when in all his enjoyments he has regard to the influence he may have over others, so as to set them no bad or dangerous example."

"Now whosoever will limit his . . . expenses by these regulations, he is not a luxurious, but a temperate man. . . . Nay, were he to do less, were he to deny himself such gratifications as can be enjoyed, compatibly with these rules, he would not fill the station nor live up to the rank and character allotted for him. In short, he would be the covetous man, ... injurious to society by defect as the other was by excess." [2]

b. SPIRITUOUS LIQUORS

The other artificial want which Tucker treats at some length, is the desire for spirituous liquors. [3] Instead of giving a full and pathetic description of the miseries and

[1] *Seventeen Sermons*, pp. 160–161.

[2] *Ibid.*, pp. 161–162.

[3] See *An Impartial Inquiry into . . . Use of . . . Spiritous Liquors, etc.*, a 33 page pamphlet, written in 1751, devoted to this subject and from which the following digest and quotations are taken.

destructive consequences occasioned by spirituous liquors, he prefers to impartially set forth "such facts as seem necessary to be insisted upon." He answers a number of objections to the movement against the use of spirituous liquors already begun by the chief magistrate in London. He argues that revenue deficiency resulting from lessened liquor consumption can be made up, beneficially,[1] in other ways; that funds spent for liquor may be turned into better trade channels, and that foreign liquors can be made so expensive by high duties that little will be used. To the contention that the legislature has no right to ruin the business of the British distillery, he queries:

> "Is it reasonable that a very great part of the common people of Great Britain should be permitted, ... encouraged in practicing a vice enfeebling and enervating, shortening lives and making victims public burdens, or that a few suffer inconveniences?" [2]

He classifies consumers of spirituous liquors, and discusses the probable effect of his proposed liquor legislation upon each class. The first class includes those "obstinately addicted to" the use of liquors. If the price is made higher, "they can get less, and thus prolong their lives and hinder the corruption of their example." The second class includes those who have "no unconquerable attachment, but who cannot withstand temptation when in their way." These people can be saved, because "there is a difference between being tempted and seeking temptation." The third class includes "the young children . . . who can be entirely reclaimed."

[1] It was a hobby of Tucker's, as will be shown later, that taxes could be laid so as to stimulate industry.

[2] *Spirit. Liq.*, pp. 8 and 9.

In the appendix to this pamphlet on liquors, Tucker estimates the loss to Great Britain through the use of gin and of spirituous liquors. He estimates that there are 400,000 drinkers of both sexes. They consume less of bread, meat, groceries, furniture, and apparel, do less work, die prematurely, commit thefts and robberies, are sick oftener and longer, and increase the poor rates, all of which loss side of the account sums, annually, £5,214,285 14s. $3\frac{3}{7}$d.[1] On the other hand, the annual profit at 2d. per day per drinker on the English spirits they drink sums £1,216,666 13s. 4d. yearly. This leaves a net loss of £3,997,619 $11\frac{3}{7}$ d. Tucker then criticises his own estimate, declaring that, if anything, it underestimates the loss.

The pamphlet closes with an argument that an idle drinker is a "double loss to the community," being weaker both as producer and as consumer, whereas a sober worker is a "double advantage" to his community.

II. Self-interest

The second of the topics suggested by the lengthy quotation, and deserving of further treatment, is self-interest. In his discussion of this subject, Tucker again places himself abreast of modern economic thought. He discovers in his searching analysis of human nature that self-interest is the ruling economic motive. He, therefore, makes it basic in his system of commerce. In the lengthy quotation from the *Elements,* it is made certain that in 1755 he saw clearly that in economic life self-interest is the supreme motive. To this analysis he adhered consistently in all of his later works.

He applied his knowledge of the power of self-interest

[1] This affectation of mathematical nicety is possibly pardonable in a writer of the eighteenth century, but similar perfection pretense is not unknown to-day.

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again and again. It was the basis for his prophecy that trade relations would be resumed after the war with the American colonies, even though the colonies were granted independence. The ample fulfillment of this prophecy illustrates the practical insight which Tucker developed, through intelligent deductions, from this fundamental motive. As illustrations of Tucker's applications of self-interest, these American trade prophecies will serve well:

"Americans will buy our goods when it is to their interest and they are able to, notwithstanding the bitterest antipathy, . . . and I defy any man to prove that they ever did buy our goods contrary to their own interest." [1] "It is impossible to compel distant settlements to trade with a parent state, to any great degree, beyond what their own interest would prompt them to; and self-interest needs no compulsion." [2] "Let it be observed as the universal rule with merchants and traders of all countries, religions and languages, that self-interest needs no reconciliation. For trade is carried on not for the sake of friendship, but of interest." [3]

Other applications of this same self-interest principle are made in his treatment of population, of trade in general, of manufactures, and of taxation. In short, recognition of this powerful motive to economic activity is so frequent in his works, that it is clearly established that he made self-interest, in vital reasoning, as well as in early formal analysis, a central principle in his system of economic thought.

He recognized the self-seeking motive to be too powerful to be overcome, and that therefore sane systems of legislation should so appeal to this motive that its splendid incen-

[1] *Cui Bono*, p. 75. A similar idea in *Letters to Shelburne*, p. 9.

[2] *Treatise on Gov't*, p. 253. A similar application to trade with Ireland is made in *Union or Separation*, p. 37.

[3] *Series of Answers*, p. 28.

tives should direct individual energies towards promotion of the public welfare. This idea he applies in his system of taxation.

A comparison of the *Appendix* to the *Essay on Trade* [edition of 1753], and the *Elements,* written in 1755, seems to show that Tucker had, within the two years between these writings, developed his idea that self-interest can be made conducive to public good. In the *Appendix,* he refers to "self-interest, the bane of all public good," [1] "that watchful dragon, self-interest," [2] and "the baleful spirit of self-interest," [3] consistently using condemnatory adjective and metaphor. But while this *seems* to indicate that he had not yet reached the advanced position that this primal motive may be appealed to for good as well as for ill, it does not, as can readily be shown. In the *Appendix,* Tucker is attacking the privileges of the chartered companies, and when he uses "dragon" and "baleful" he is but characterizing the evils that result when self-interest is unbridled. That he had noted even before 1753 the possibility of good through self-interest, is evident from a paragraph he wrote in 1752:

> "The great view of the divinely-inspired legislator, Moses, seems to have been to turn this principle of self-love into such a channel that it should always operate for the public good. And, indeed, this ought to be the sole aim of every government, if either good morals or national prosperity are expected." [4]

All of the many references made to self-interest in his works published after the *Elements,* recognize it as a powerful motive which may be appealed to for good or for ill. There are many such pasages as:

[1] *Essay on Trade, 3rd Ed.*, p. 61.

[2] *Ibid.*, p. 66. [3] *Ibid.*, p. 84.

[4] *2nd Letter on Naturalization, Note*, p. 37.

"whether they make the passion of self-love, that ruling principle of human nature, subservient to the public good or detrimental,"[1] etc.

In logical consistency with the above thought, it is notable that Tucker, at no time, advocated the complete ultimate harmony of public and private interests. Here, again, he agrees with the modern thought, and is opposed to the Manchester school of economists. He did not trust individual self-interest, free-reined, to labor always for the public good. On the contrary, he pointed out cases in which public and private interest are at variance, as, for example:

"The general interest of trade and the interest of particular traders are very distinct things; nay, are often quite opposite. . . . General interests of trade are interests of industry, and therefore of peace. . . . Many dealers in exports and imports encourage war and oppose peace. . . . Jobbers and contractors for our fleets and armies, clerks, paymasters, &c., are . . . . vultures who fatten on human gore. They keep up the American warwhoop and object to peace measures so long as personal gain may come to them."[2]

III. Relation of Economics to Ethics

The third topic, worthy of somewhat fuller treatment than is given to it in the long extract from the *Elements* at the opening of this chapter, is the relation of economics to ethics. This subject is fully developed by Tucker, and the conclusion he reaches becomes one of his working principles, frequently applied by him in the consideration of varied problems. His position is an *a priori* one. It is the position of

[1] *Instruct. for Trav.*, p. 10. For similar references see *ibid.*, pp. 20 and 32; *Cui Bono*, p. 60; *Humble Address, etc.*, p. 19.

[2] *Four Tracts*, pp. 90–91.

the philosopher enamoured of his ultimate unity. It is, none the less, the position of the present day economist, if that individual see fit to deal with the subject at all. A clergyman, Tucker states his *a priori* position in the churchman's language. Its substance is that there cannot be fundamental disharmony between good moral and wise industrial living. He frequently attributes the harmony between rightly understood moral and commercial relations to a design of the world Creator:

"Providence never designed us to be beasts of prey, to bite and devour one another; but, on the contrary, that whatever is a social duty in a moral sense, was likewise intended by our wise and gracious Creator to be a real, lasting and national interest in a commercial." [1]

That this conception was one of Tucker's working principles is apparent from a number of applications of it which he makes. When arguing the unwisdom of war between nations, and the opposing the current thought that a nation could rise only as it crushed down its rivals, he said that he was

"firmly persuaded that, in His plan of government, the political interests of nations cannot be repugnant to those moral duties of humanity and love which He has so universally prescribed." [2]

In closing his discussion of luxury, he again stated and applied this principle:

"It clearly appears . . . that there can be no real and last-

[1] *Cui Bono*, p. 46. Similar thought in *Seventeen Sermons*, pp. 138–39; *Elements*, p. 8; and *Reflect. Nat. For. Prot. Part* II, p. 10.

[2] *Four Tracts*, p. 63.

ing opposition between the laws of sound morality and those of sound policy, whatever crude opinions may be entertained to the contrary. For even in these cases where it was heretofore usually imagined that strict morality had the disadvantage, it is now evident that the fact itself is far otherwise, and all the claims which luxury, in the most favorable view of it, can possibly make, amount to no more than that, for a short time, it doth promote a greater demand for the ornamental parts of furniture, dress and equipage than, in prudence, there ought to have been. A mighty advantage! . . . . Indeed, there is something extravagant, if not impious, in the supposition that morality and policy, when rightly defined and properly understood, should be at variance with each other. For what an idea must this give us of the Divine Being? What a strange constitution of the world would that have been had it been necessary that our duty and our interest should always clash! . . . . . Nor was He that shortsighted, or improvident, or malicious Being as [sic] to make that to be our duty which is not upon the whole, even as to the affairs of this world, our interest likewise." [1]

A further application of this same principle occurs in his modern-toned discussion of the relative efficiency of slave and of free labor. From an implied premise that ethics clearly condemns slavery, Tucker argues that, according to the fundamental harmony-principle, slave labor should be uneconomic, and asserts that it is so in fact. This is in his open letter to Edmund Burke:

"For my part, I am thoroughly convinced that the laws of commerce, when rightly understood, do perfectly coincide with the laws of morality: [2] both originating from the same Being,

[1] *Seventeen Sermons*, pp. 159 to 161.

[2] This principle is frequently stated in his works. See *Elements*, pp. 40, 42 and 81; *Four Tracts*, p. 20; *Reflect. Nat. For. Prot.*, Part II, p. 10.

whose mercies are over all His works. Nay, I think it is demonstrable that domestic or predial slavery would be found, on a fair calculation, to be the most onerous and expensive mode of cultivating land and of raising produce that could be devised, and I defy you, with all your learning and acuteness, to produce a single instance from history, either ancient or modern, of a country, being well cultivated, and at the same time abounding in manufactures, where this species of slavery . . . . is preferred to the method of hiring free persons and paying them wages." [1]

From the nature of his chosen profession, and from his firm belief in the final harmony of ethical and economic interests, it is to be expected that there should be not infrequent ethical comments in his economic works, just as, owing to his belief in the wholesomeness of thought upon economic life, there is a distinctly commercial flavor to some of his sermons. One of these ethico-economic passages is as applicable to this day as to the mid-eighteenth century:

"For crimes against the public are attended with such consequences as spread the contagion of vice much wider, and are more detrimental to virtue and to good morals, than the like crimes . . . . against private persons. And yet, how differently do most people think of these matters! How light do they make of any injury done to the public! A contraband trade is nothing; nay, it is well if it is not esteemed meritorious. . . . And as to custom house oaths, dealings with the government or with public bodies, and all the other methods whereby society is injured and defrauded, who is there that scruples the repetition of these over and over? . . . . Such facts are too notorious to be denied and too bad to be palliated." [2]

[1] *Letter to Burke*, p. 23.

[2] *Seventeen Sermons*, p. 183.

In summary, Tucker thought that, rightly understood, ethics and economics were closely related, and necessarily in harmony. To him, preaching morality was at the same time inculcating guiding principles for wisest conduct in the commercial world; demonstrating a principle of trade was at the same time pointing out a path to higher levels of national ethical life. The dean and the economist were happily made one by the formula: Sound morality coincides with commercial wisdom.

IV. Theory of National Prosperity

The fourth topic suggested by the opening quotation from the *Elements,* is the theory of the wealth of nations.

Two ideas are the essentials of Tucker's theory of national prosperity: (1) Industry, only, will make a nation rich. (2) State action can, and should, stimulate such industry. Both of the ideas are often expressed, and are almost always implied, in his writings.

Typical expressions of the first idea are:

"This mutual circulation of labor and industry is the grand fundamental truth in politics and commerce, which can never be too much inculcated." [1] "Almost the whole body of the people of Great Britain may be considered either, as customers to, or the manufacturers for, each other—a very happy circumstance this, on which the wealth and prosperity of a nation greatly depends." [2] "Judge also whether a rich country can ever lose its trade while it retains its industry and consequently how absurd must every project be for securing or increasing this trade, which doth not tend to secure or increase the diligence and frugality of the people." [3]

[1] *Cui Bono*, p. 137.

[2] *Instruct. for Trav.*, p. 26.

[3] *Four Tracts*, p, 41.

The second essential of Tucker's prosperity theory is that government action may stimulate this wealth-getting industry. He has very great faith in the efficacy of legislative enactment and of executive enforcement of law. This faith is explicitly avowed in connection with one of his presentations of the idea that nations need not necessarily die as persons must. He argues that not only may "the public body, or political man," by observing "a due regimen" and never deviating "from the paths of virtue," live an unlimited time, but

"what is still more, if, after having injured himself greatly in these respects, he would apply the proper medicines, that is, frame good laws, and see them duly and wisely executed, he would recover from this dangerous disease, etc." [1]

These "good laws," which are to stimulate the industry of individual citizens, must appeal to their self-interest, and so induce them to seek employments which will advance national well-being. This thought is perhaps most clearly expressed in Tucker's very earliest economic work:

"As to the great point of national advantage or disadvantage, this is properly the concern of others, who sit at the helm of government and consequently whose province it is to frame the laws and regulations, relating to trade, in such a manner, as may cause the private interest of the merchant to fall in with the general good of the country . . . . self and social happiness must in this case be made to unite; otherwise it will happen in this, as in most other affairs, that social happiness will not be promoted at all." [2]

This complete confidence that state action can, and conviction that it should, guide individual economic activity, makes Tucker, in a peculiar sense, a political economist.

[1] *Seventeen Sermons*, p. 158.

[2] *Essay on Trade*, p. xiii.

Belief in the need of universal industry among citizens, and in the efficacy of state action to secure this, might lead to socialism. Tucker condemns the class who live upon interest incomes alone, because they are not contributing, by their industry, to the national wealth:

"Their case being directly opposed to the public good, tho' it may be pitied, should not be provided for by the legislator. On the contrary, make their state uneasy and they must turn to industry." [1]

Again, Tucker favors education of the poor, especially industrial education, and argues that they should have fair opportunity to rise by industry.[2] This is a further advocacy of state action to encourage industry. But although Tucker does so plead the cause of the poor, and although he does condemn the extravagance of the rich, and although he does believe that law-making and law-enforcing powers may do much to right social wrongs, he nowhere takes, or even hints at favoring, the socialistic position. On the contrary, he expressly objects to any levelling schemes. For example, he even objects to restoring the law for the equal distribution of a landed estate among all the children of the deceased owner, because he regards this as

"running too far into the agrarian scheme of levelling and equality." [3]

[1] This passage was written by Tucker on the margin of the New York Public Library copy of the *Elements*, p. 134. It was a response to Archbishop Secker's marginal note: "I hope you find a place for considering the case of those who can have no other subsistence than the interest of their money."

[2] See *Charity School Sermon*. Some quotations, which bear upon the above topic, are given in treating *population*.

[3] *Instruct. for Trav.*, p. 30.

Elsewhere, he rightly presages the tendency of teaching the equality doctrines of the day, but it is to be noted that he himself condemns the movements "against landlords," etc., as "wild and extravagant conceits:

"The modern doctrines of the perfect equality of mankind . . . . and of the necessity of contending for them even to the death tend to confirm all these wild and extravagant conceits against landlords, etc., ... for they necessarily demolish not only crowns but coronets too, levelling all distinctions with the ground." [1]

When these condemnations of levelling tendencies are coupled with Tucker's anti-republicanism, expressing itself in complete skepticism of the wisdom of the populace,[2] it becomes very evident that no propositions of his may be reasonably given a tinge of socialistic interpretation. All of his pleas that the common people be given opportunity, educational and otherwise, to elevate their standard of living, are but corollaries of his proposition that production should be encouraged by state rewards and penalties. Tucker is an individualist rather than a socialist; but his belief in the importance of state action saves him from being an extreme individualist.

It has been said that the two ideas, (1) that industry should

[1] *Lett. to Shelburne*, pp. 41 and 42. Similar passages against levellers are in *A Sequel to Sir Wm. Jones' Pamphlet, etc.*, pp. 7 and 25.

[2] Clarke in *Survey of Strength and Opulence of Great Britain*, p, 40, says that Tucker once told him that "he hardly ever knew an unpopular measure to be a bad one, or a popular to be truly salutary."

Tucker held that "a democratic government is despotic by nature" and opposed the "universal suffrage of the vile and ignorant." (See *Lett. to Shelburne*, pp. 98 and 114.) In the letter to Dr. Birch, Dec. 20, 1756, Tucker speaks of the "wicked, ungrateful, senseless mob" (see *Birch Mss.* in the Brit. Museum). There are a number of other similar characterizations of the mass of the people who always appear to Tucker as "the mob." See *Four Tracts*, p. 96.

be encouraged, and (2) that the state, by law, should give that encouragement, are the essential components of Tucker's theory of national prosperity. It is now further to be observed that this theory of prosperity is fundamental to his whole economic work. Like that of a greater writer to come after him, his large problem concerns the wealth of nations. The ideas that increased national industry is desirable, and that state action should stimulate it, essentials of his prosperity theory, leaven all of his economic writings. They reenforce him in arguments for the naturalization of industrious foreigners, against the emigration of British citizens, and in favor of plans for increase of population; they are premises to his polities for breaking up great estates, enclosing commons and reclaiming wastes; they background his pleas against the parish settlement and the apprenticeship acts; they lead him to oppose chartered companies and they underlie his mercantilism; they account for his emphasis upon the policing function of taxes. A single thoughtful reading of Tucker's work, as outlined in Chapters II to VII of this Part II, will substantiate the above statements. The two ideas, then, which are elemental in his theory of national prosperity, are presuppositions in his treatment of each of the leading themes of his economic writings, viz., population, agriculture, manufacture, commerce and taxation. Thus, in epitome, Tucker's whole economic work is a theory of national prosperity.

V. Historical Sense

Tucker possessed the historical sense. Since this gave color to all of his writings, it is fitting to show, in this opening chapter of the exposition of his works, that he did possess the historical instinct.

Tucker was never a closet theorist. He put himself in

command of facts. He was the making of an historian. He began his writings, as has been noted, with pamphlets treating current history. In the naturalization controversy, two of his papers traced the history, respectively, of the British attitude towards foreigners in general, and towards Jews in particular. In his attack upon privileged companies, he reviewed the monopoly movement in British history from Elizabeth's day to his own. Frequently throughout his works original sources are quoted, early and later statutes, parliamentary records, and reports of special commissions. His historical researches and his close observation of every-day business in London and Bristol, won for him considerable reputation as one who had a broad knowledge of commercial facts.

A few citations from his works may evidence that Tucker had real historic appreciation. In his *Instructions for Travellers,* he addresses himself to that class of travelers "who will aim to study the effects and consequences of systems of religion, government and commerce." He advises such a traveler that

> "He must observe how these systems operate on different people or on the same people at different periods. . . . . For in fact the human mind is in some sense but as clay in the hands of the potters . . . . molded . . . by these different systems. So that the political, the religious and commercial character of any people will be found for the most part to be the result of this threefold combination of religion, government and commerce on their minds." [1]

This same idea of environment's influence he applied years later to an individual case, explaining Locke's leading polit-

[1] *Instruct. for Trav.*, p. 4. Similarly "every nation has its peculiar bias." *Reflect. Nat. For. Prot. Part i*, p. 1.

ical thesis, individual liberty, as an outgrowth of the troublous religious environment in which he matured:

"Locke . . . in his early life was a witness to grievous persecutions inflicted on the score of religion . . . . he saw . . that the interests of the state were not at all concerned in maintaining that rigid, universal, conformity in religion for which bigots of those times so fiercely contended. . . . he inferred, and very justly that every man had a right not only to think but even to act for himself in all such religious mat- as did not oppose or clash with the interests of civil society." Had he stopped here it would have been well "but alas! He extended those ideas which were true only in what concerns religion to matters of a mere civil nature and even to the origin of civil government itself." [1]

A striking generalization upon the influence of the commercial system upon national life occurs in Tucker's treatment of monopolies under Queen Elizabeth. He regarded her as an arbitrary ruler, who granted monopolies, for goodly consideration, partly because she did not want her subjects to grow rich through freedom of trade. She feared that if her subjects became individually more nearly her equals in wealth, they would grow more independent in thought and in speech, according to the general principle that

"Trade and industry naturally create an independent turn of thinking which circumstance necessarily inspires an horror and destestation of arbitrary power. Moreover, freedom of trade brings with it, freedom of debate as well as freedom of thinking." [2]

This puts the emphasis upon commerce, *i. e.,* upon economics, in the interpretation of history.

[1] *Treatise on Gov't*, p. 30.

[2] *Elements*, pp. 151–152.

A caution against rash national analogies reads:

"It doth not follow that that system which might comport well enough with the circumstances of the little state of Geneva would be proper for so large an empire as the British." [1]

His rules for exegetical interpretation indicate the historic imagination:

"Let us place ourselves in the situation of those who heard the speaker or writer himself; and let us endeavor to find out what were the meanings of the words at the time they were spoken, not what they may now imply at times so far distant and among people so very different in their customs and manners." [2]

Although he sometimes speaks of the "natural" order of things and of "natural rights," Tucker does not often use this eighteenth century form of thinking. In one of the following passages he expressly takes exception to it. In 1749 he charged that Mr. Chubb's great deficiency was that he judged that ideas ought to come to others just as they came to him,

"without making the necessary allowance for the difference of times, places, customs, and the faculties of different men. With this fundamental error he went on. He viewed every object through one end of the telescope and thought it necessary for all mankind to do the same. Hence arose his positiveness about fitnesses, relations, etc., which at the bottom amounted to no more than this, that if other men saw things precisely in the same light as he did, without taking in or

[1] *Apology for the Church of England, 1st Ed.*, p. 32.

[2] *Six Sermons*, pp. 23–24. Similar statement in *Two Dissertations*, pp. 4 and 5.

leaving out any other ideas, then the fitness, the relation and the truth of the case was so and so. Which indeed might frequently be allowed him and yet his observations be very impertinent and inconclusive, as arising not from a full, but from a partial view of the subject in debate." [1]

Again, in the American controversy twenty-five years later, he challenged the argument of the colonies because

"they have recourse to what they call immutable truths, the abstract reasoning and eternal fitness of things and in short to such rights of human nature which [sic] they suppose to be inalienable and indefeasible. Former laws and precedents carry little or no conviction to people who argue after this manner. . . . The parent state grounds her present claim . . . on facts and precedents . . . " [2]

Such a paragraph might have been written by Burke.

Tucker condemns a number of the views of his day with reference to history:

(1) He combats Rousseau's concept of the heavenly savage by arguing, from reports of travellers, that the Indians were more subject to disease than the white men, and were lazy, gluttonous and improvident.[3]

(2) In a letter to Lord Kames he criticizes the Saxon system of government in England. He says that "great and glorious things are now said of the Saxon government," and yet he sees "no reason for praise save distance in time and difficulty of disproving heavenly allegations." The Saxon government was "founded on conquest and slavery, and slavery was its staple trade—not exactly a

[1] *Two Dissertations*, p. 58.

[2] *Tract V*, pp. 48–49.

[3] See *Treatise on Gov't*, pp. 182–188.

delectable pattern for modern nations." [1] In another place, speaking of the Gothic government, he becomes ironical in contemplation of the good-old-days idea:

"Doubtless these were very happy times indeed! And what a pity it is that those persons who are so lavish in their praises of Old England and dissatisfied with our present modern constitution, had not lived in these golden days when they might have enjoyed old England to perfection!" [2]

(3) In a critical passage in a letter to Lord Kames he opposes a view of historian David Hume. This passage well illustrates his habit of examining original records, and even of noting folk-lore. It is also notable since Tucker's view here is the one sustained by modern research. He says:

"In Mr. Hume's history of the Anglo Saxons he follows the stream of historians in asserting that they exterminated all the natives; and consequently had no slaves or villians. But I could never find any proof of this; and the appearance of things during the Heptarchy strongly indicates the contrary; the feudal system being as evidently the system among them as among all northern nations. And it is hard to say what could induce them to be so singular in this respect. I am myself a Welshman: we have no tradition in our country of any such measure. On the contrary we suppose that all the slaves remained slaves to their new masters and the gentlemen fled into Wales. Ergo, the Welsh are all gentlemen. Moreover the Danes and Swedes never mention this circumstance when they mention the expedition and victories of the Anglo Saxons, their ancestors, and if Mr. Hume will reflect on the price settled for killing a Welshman in Cambridgeshire, taken out

[1] *Memoirs of Kames* (Alex. Fras. Tytler), vol. iii, p. 183. Letter of June 24, 1782.

[2] *2nd Lett. on Naturalization*, p. 9.

of Hickes, he will conclude that that Welshman must have been a slave." [1]

(4) Tucker also opposed the concept of rhythmic history, the idea that nations must die. He answered to the plea:

"That all human things have the seeds of decay within themselves, great empires, great cities, great commerce, all of them receive check not from accidental events but from necessary principles. . . . . as the ideas and terms used are borrowed from the state of natural bodies and . . . transferred to political constitutions one thing is taken for granted in this argument to which I cannot readily assent. . . . . (i. e.) that as all animals, by having the seeds of decay within themselves must die sooner or later, therefore political or commercial institutions are subject to the like fate and on the same principles. Now this remains to be proved, for the parallel doth not hold in all respects and tho' the body politic may come to an end as well as the body natural there is no physical necessity that it must. . . . . In one word, the constitution of the body natural is so framed that after a certain period of time no remedy in nature can restore it to its pristine health and vigor . . . But diseases of the body politic are not absolutely incurable." [2]

Accurate prophecy is a test of historical insight. Tucker prophesied the inevitable separation of Great Britain and the American colonies when statesmen thought the only question was the terms upon which these should remain under British authority. After the struggle was over and independence had been declared by the colonies, he argued that if the British "would turn over a few pages of authentic his-

[1] *Memoirs of Kames*, vol. iii, pp. 176 and 177.

[2] *Tract I*, pp. 55–56. This thought is suggested in the letter to Hume in 1758. See Clarke's *Survey of Strength and Opulence of Great Britain*, p. 27. See for similar idea *Seventeen Sermons*, p. 158.

tory, either ancient or modern," they would learn that colonies,

"humble and modest in their infant state . . . as they rise in strength become proud and insolent . . . . incessantly aiming at emancipation . . . The Stamp Act, therefore, only hastened that struggle which might otherwise have been deferred a short time longer but which must assuredly have taken place before the expiration of many years." [1]

Another bold prophecy is only now in the course of fulfillment. In 1780, before the colonies had fully achieved their independence, when British public sentiment, British statesmen and British soldiers were yet determined upon subjugation of the rebels, Tucker dreamed a dream of great empire [2] in this western world. It has taken a century and a quarter for Europe to come abreast of this vision:

"Nor is it the least surprising that a country circumstanced like America should so soon have acquired so formidable a share of power. Its natural advantages of climate, soil, extent of territory, both of land and water, are all favorable to agriculture, trade and population; and a spirit of industry, a thirst for gain and an ardent desire of that very independence which has at length been set up, have led the colonists to improve with unremitting application all those means which nature has thrown into their hands. And thus the wise economy of providence diffuses blessings in succession to all the different orders of creation. Learning, Arts and Sciences, Religion, Government, Riches and Power have all been progressive since

[1] *Dispassionate Tho'ts on Amer. War*, p. 26.

[2] Tucker was not a consistent prophet with reference to the American destiny. In *Cui Bono*, p. 119, he says the American colonies will be a "disunited people till the end of time . . . divided and subdivided into little commonwealths." The prophecy given above, however, is the only one he argues out at any length.

the appearance of the present system: and there is nothing chimerical in the hypothesis to suppose, that in a certain period, the American continent will be the principal seat of all these valuable possessions and make a most distinguished figure among the nations of the earth and in the history of the world; while the European states are sinking into weakness, poverty and contempt." [1]

[1] *Dispassionate Tho'ts on Amer. War*, pp. 26–27.

CHAPTER II

POPULATION

THROUGHOUT the whole of his author life Tucker consistently advocated increase of the population of Great Britain. In 1749 he commended the "flocks of children"[1] in the peasant families of France and favored state aid to "those burdened with large families."[2] In 1782 the climax, commendatory result to be achieved by his scheme for placing militiamen upon waste lands, was that it "would considerably increase the human species."[3] In the thirty-three years lying between these dates he repeatedly declared Great Britain's need of a larger population. This was one of his emphasized arguments in the Naturalization papers.[4] It was the central thought of the entire *Book I* of his great work.[5] It had weight in leading him to oppose the settlement acts[6] and to seek a revision of the general system of poor laws.[7] It caused him to lament the emigration to the Americas.[8] It led him to devise burdensome taxes to be laid upon bachelors and corresponding exemptions to be granted to married men.[9] It even induced him to raise a fund to

[1] *Essay on Trade*, p. 41. [2] *Ibid.*, p. 57.

[3] *Reflections . . . Price . . . Wools*, p. 46.

[4] In *Reflect. Nat. For. Prot. Part II*, p. 17, he quotes approvingly "In the multitude of people is the king's honor." Prov. xiv, 28.

[5] The first draft of this *Book I*, as submitted to his friends for criticism, is contained in the *Elements*, pp. 11 to 41.

[6] *Elements*, p. 21, and *Manifold Causes Increase of Poor*, p. 7.

[7] *Manifold Causes Increase of Poor*, p. 7.

[8] *State of the Nation*.

[9] *Elements*, pp. 16–29. *Manifold Causes Inc. Poor*, pp. 16 and 17.

provide marriage portions for poor young women.[1] Clearly it is his central thesis upon population.

He had reasons for his belief that Great Britain should increase her population, reasons stated in the form of "polities for increasing the numbers of people." Tucker's *Book I* of the *Elements* is headlined as "containing certain polities for increasing the numbers of people." Tucker's theorist instinct asserts itself at once and he endeavors to show "the need for such a polity." A digest[2] of his argument must suffice:

"(1) Where a country is thinly peopled it is impossible to promote a brisk and general circulation of industry and labor by reason of the distance and dispersion of the people . . . . and the consequence of that, their want of rivalship . . . . experience confirms this. In every country extremely thin of inhabitants the people are proportionably poor and miserable and lead such lives as are but a few removes from the brute savages of the woods and mountains. Suppose only 10,000, inhabitants of Great Britain . . . . these few would soon degenerate into British savages . . . . " Division of labor increasing the "quantity of work performed" and bettering the "quality or workmanship" itself is impossible where there is a scarcity of inhabitants.

(2) Where a country is thinly inhabited there is little gain in trade and therefore "country gentlemen are still more prejudiced against it" and against those whom they consider "low born tradesmen and mechanics" and "vie rather with each other in the dangers of chase, pretensions of birth and family and length of pedigree."

(3) Where a country is thinly peopled lands will be the more easily engrossed and entailed in a few families . . . . land-

[1] *Memoirs Kames*, vol. iii, pp. 162–163.

[2] The digests that follow, excepting where special references are given, are taken from the *Elements*, pp. 11 to 41.

holders become more despotic over vassals" . . . . This flatters the pride of the "petty tyrant" but he will have "less comforts than common tradesmen in a populous and industrious country. . . . Commerce as it is cultivated [tends] to extend industry and plenty, equalizes mankind more than any other way of life and at the same time that it connects them together in bonds of mutual interest it renders them free. Trade and vassalage, commerce and slavery are in their natures repugnant to each other."

(4) A thinly peopled country has neither strength nor riches for the numbers of the people are the strength as industy is the riches of a country." [1]

(5) The increase of the people (brings) the increase of rent [2] to the landlord.[1]

(6) A country thinly peopled has no implements for the improvement of husbandry, etc., no good roads, rivers made navigable [3] and canals, etc., etc., no capitals either for husbandry or manufactures.[4]

(7) A country etc., produces no constant supply even of necessaries of life; hence families, etc.[4]

[1] Sections vii, viii and ix (pp. 16–20), of *Reflect. Nat. For. Prot. Part II*, are respectively entitled "The increase of inhabitants the strength of a kingdom," "The increase of people the riches of a country," and ' The increase of people the increase of rent to the landlord."

[2] This is an illustration of the appeal Tucker frequently makes to the landed gentry. He rightly estimated them to be the ruling class in eighteenth century English politics.

[3] Tucker was greatly interested in inland navigation improvements. See his *Improvements and Savings in Inland Navigations Exemplified on the River Stroud*, *Gent's Mag.*, vol. xxx, pp. 167–168. In the *Essay on Trade, 3rd Ed.*, pp. 116 to 118, he advocates cutting canals "between our great towns of trade for convenience and cheapness of carriage," and "counts canals better than making rivers more navigable."

[4] These two paragraphs just as given above are marginal additions in Tucker's own handwriting, in the New York Public Library (Astor) copy of the *Elements*.

The very depopulation leads others to leave as they cannot secure employment . . . lands lie waste where there are no markets and artificers cannot be employed without customers."

Thus Tucker argues the general proposition that sparse population is detrimental to a country. So far indeed is he from fearing a Malthusian surfeit of population that he says:

"it is impossible there can be a want of labor [i. e. employment for labor] but where there is a previous want of industry on one side or the other. For the more hands there are employed, the more employments they will create for other hands, etc." [1]

He next confines his consideration to Great Britain in particular and contends that something must be wrong in its polity since it is *slowly* gaining in population although well situated and with rich resources:

"Great Britain now has wrong notions of public welfare and national commerce in the following respects (1) The marriage state is loaded with taxes . . . the duties and excises paid by a father on commodities consumed by his family are practically a fine upon marriage." (2) "This inducement to celibacy increases vice" or at best "young people assume no responsibility." (3) By entailing great estates and primogeniture, small farms are destroyed. (4) The nobility remain single and spend their prime in debauchery "so that those of higher rank, who ought to set the example, seldom think of raising a family till they are fitter for a hospital than the bridal bed." (5) The very liberty of the English corrupts their morals; the gallows, electioneering, spirituous liquors and debauchery helping to dispeople the country. (6) "Our distant colonies and navigation, perilous trades and English troops employed by the continent, draw off many" people, while "European nations attract our tradesmen and artificers."

[1] *Spirit. Liquors*, p. 33.

Tucker therefore concludes that Great Britain should adopt a polity that would increase both marriage and immigration. In outline the polity which he suggests for "rendering marriage the foundation of civil society, a matter of the universal choice and aim of both sexes" is:

(1) Let no post or title of honor or emolument be given to a person never married.

(2) Persons to be minors until 25 years of age, unless married before, with the consent of parents; then minors until 21 years.

(3) Statute of 5th Elizabeth requiring seven years apprenticeship should be repealed as to married men but retained as to bachelors.[1]

(4) "Let married men be free to work as journeymen or set up any trade in any town whatsoever."

(5) Let married men reside any where without parish certificates, provided a responsible man gives 5£ security they do not become parish charges within three months.

(6) Let men not work at women's trades unless married.

(7) For twelve months after marriage let a man decline any offices he chooses and be exempt from personal duties and taxes.

(8) Divorce should be granted by lower courts to either party upon proof of the other's adultery.[2]

As consequences of the adoption of his suggested polity Tucker prophesies that:

[1] Tucker comments: "This statute was really meant to serve monopoly and base ends . . . turn it to good."

[2] Pages 23 to 27 of the *Elements* are devoted to a discussion of divorce. Tucker concludes that it should be granted for adultery only, and that the guilty party should be imprisoned for a year. He argues that the lower courts should have jurisdiction instead of, as then obtained, the plan empowering Parliament alone to grant a complete divorce. "It needs friends and money to get this." Archbishop Secker, in a marginal note in the New York Library copy, suggests "Money alone will do."

(1) Marriages, with the honors all to the married, "will become the style."

(2) All will marry and therefore there will be no dissatisfaction in comparing married selves with single blessedness.

(3) Debauchery will be lessened when men of property marry early.

(4) Self-love will prompt the person of family to keep sober in desire to support well their own.

(5) Self-love will prompt them to train their children to sober callings and religious living.

(6) Parents will have more authority in marriage, with the majority at 25 years.

(7) Drinking, crimes and lusts will be lessened.

(8) Divorce will release innocent and punishment threatened will restrain those willing to be guilty.

A fully developed argument for "the admission of wealthy and industrious foreigners," continues Tucker's polity for increasing Great Britain's population. The plan for encouraging this immigration should be, in general:

"(1) To make known to foreigners the true nature of the English Constitution and (2) To enact laws removing all difficulties they labor under but not naturalizing them since the public is too greatly prejudiced." [1]

He closes his presentation of this polity with the statement that later polities which he will present, will co-operate with the one outlined above:

"A set of polities which promote industry and discourage vice . . . puts mankind into a capacity of increasing their species without bringing misery on themselves or entailing it upon their posterity . . . . the several parts of the great com-

[1] An illustration of Tucker's constant aim in his practical programs to offer not what is ideally best, but the best that is likely to be approved.

mercial system do indeed mutually support and strengthen each other inasmuch as populousness hath a natural tendency to promote industry and good morals and these in turn as naturally create populousness." [1]

In close connection with Tucker's treatment of his leading idea concerning population are his suggestions upon three subsidiary but important topics (1) Immigration (2) The rural exodus and (3) The poor.

I. Immigration.

Tucker favors immigration and opposes emigration, even to the British colonies. He asserts that the British have a peculiar and characteristic aversion to foreigners. One of the first pleas in his arguments for the naturalization of incoming foreigners, both Protestant and Jew, is made against this hostility to foreigners. He tells the English that they themselves are "a collection of all races and foreign tongues" [2] and that the common people of Wales are accustomed to call an Englishman who comes amongst them "a little pitiful Saxon who comes one knows not from where." [3] He holds aversion to foreigners to be especially irrational to so motley blooded a people.

He takes up the same topic from the historical point of view [4] and argues that opposition to foreigners is prejudiced

[1] This is another application of Tucker's "fundamental harmony" thesis.

[2] *Reflect. Nat. For. Prot., Part I*, p. 62. [3] *Ibid.*, p. 72.

[4] Part I of *Reflect. Nat. For. Prot.* is an admirable historical critique of the disposition of natives of Great Britain towards foreigners. It traces the history from the time of the conquest, pointing out the periods of development in trade and manufacture as coincident with the periods of freest immigration, and accrediting to foreigners the introduction and development of various manufactures. The *2d Letter to a Friend on Naturalizations* in a similar way traces the historical rights

since much of English prosperity in manufactures and commerce is due to industrious immigrants. These thoughts are all embodied in the queries with which he opens *Part II. of his Reflections upon the Naturalization of Foreign Protestants:*

"Is popular prejudice a test of the truth? Does the word foreigner not carry the idea of contempt and reproach? Have the English any grounds for this? Ought not the native, pursuing aims hostile to the country, be rather regarded as an alien? Do we not owe our knowledge in the manufacture of cloth, stuffs, linens, hats, iron, copper, brass, etc., to the instructions of foreigners?"

But many of those who might acquiesce in his favorable opinion of past immigrant contributions to British prosperity would oppose present immigration on the ground that immigrants displaced British workmen. Tucker therefore presents an argument upon this phase of the subject:

"Let foreigners come to take the bread out of our mouths!! Out of whose mouths? It must be English bread. The corn grew here, was manufactured here, was sold here. And the foreigners who eat it earn it by their labor and pay for it. . . . The more inhabitants there are to consume the produce of our lands, the better can the farmer and the gentleman pay their shopkeepers and tradesman, and the more manufactures will they consume in every respect. Let us see in the next place:

and wrongs of the Jews in Great Britain. Its tolerant theme, for Tucker was a native British, royalist, Protestant advocating the cause of an alien, Jewish, people against the royal, British, oppressors, was: "our princes only used them (the Jews) as sponges to suck up the treasure of the nation, and then when they had a mind to squeeze them dry, they let loose the popular odium and fury upon them. This is the true state of the case and the origin of their sufferings." P. 36 of *2d Lett. on Naturalization.*

Out of what mouths do they take the bread? If they introduce new manufactures, or carry those already established to greater perfection, in that case the public is greatly benefitted and no individual can be injured. If they employ themselves only in such as are already settled and perfected, they will not defraud the mouths of sober, frugal and industrious persons, who may work as cheaply, and can work as well, as foreigners, and therefore should be obliged to do both. . . . But we are told that English tradesmen of every denomination are used to live better than foreigners, and therefore cannot afford to work or to sell so cheap as they. Apply this to foreign trade. . . . If English ask 5 per cent., 10 per cent., etc., more for goods and argue that they live better, other nations will outsell them. . . . The English must trade at least upon an equal footing with other nations, or not trade at all. If not at all, even the most self-interested may be sorry we did not admit industrious foreigners. . . . For example, take Birmingham: It admits freely all; is no exclusive town. Englishmen coming from other towns are practically foreigners to its natives. Yet natives have lost no bread. Property has risen, . . . great accession to its trade, . . . very prosperous, . . . fewer beggars here, and in Leeds and Manchester (both free), than in towns with exclusive charters and trading companies. So true and certain is it that these rights and privileges, as they are called, do multiply the numbers of the poor, because they damp the spirit of industry, frugality and emulation. A manufacturer who knows that no foreigner dares come in to be a competitor against him, thinks himself privileged to be idle." [1] . . . "There must be rivals in commerce at home and abroad. If so, is it not better to have the rivals at home?" [2]

"The immigrants that Great Britain needs are merchant capitalists, artisans and mechanics." [3] Especially desirable are

[1] *Essays on Trade, 3d Ed.*, pp. 84–87.

[2] *Reflect. Nat. For. Prot. Part II*, p. 33.

[3] *Elements*, pp. 30, 31.

those "industrious and ingenious foreigners, men who have their fortunes yet to make," who may "come and enrich the country at the same time that they are enriching themselves." [1] The idle rich are not so desirable. If all the idle rich were to locate in England, it would soon become "a nation of gentlemen and ladies on one side, and footmen and grooms, ladies' women, laundresses, and such like dependents, on the other." [3]

There need be no fear that foreign beggars will come, for they "are too lazy and poor, and cannot speak the language." [2]

As to the alleged danger that foreigners might corrupt the English, Tucker is of the opinion that "there is greater danger that the English should corrupt the foreigners, than *vice versa*." [2]

It is to be expected that one favoring immigration on the general ground that Great Britain needed a larger population, should be opposed to emigration from the British isles. In his American papers, Tucker did oppose such emigration, even to the British colonies.[1] He had accurately noted that:

"The emigrants who lately sailed in such multitudes from the north of Scotland, and more especially from the north of Ireland, were far from being the most indigent or the least capable of subsisting in their own country. No, it was not poverty or necessity which compelled, but ambition which enticed, them to forsake their native soil." [3]

It should be observed that his opposition to emigration to the colonies was expressed after he had arrived at the conclusion that separation from the American colonies was

[1] *Four Tracts*, pp. 26, 27.

[2] *Reflect. Nat. For. Prot. Part II*, p. 40. Tucker had a very low estimate of the moral character of the English people in his day. See *Sermon at Charity School*, pp. 18–20.

[3] See *Humble Address*, etc., pp. 62–65.

inevitable. In closing his earlier argument upon emigration written in 1752 he thought that it would be

"prudent to keep open two doors, one to let in such people as will come to the state, . . . the other to let those go to the colonies who wish; . . . better allow our own people to go to the colonies than to our rivals." [1]

It is only fair to Tucker's logical accuracy to observe that these seemingly contradictory positions are in harmony. After the colonies had declared their independence and were in the attitude of rivals, they were practically a foreign state; and even in his earlier discussion Tucker impliedly opposes emigration to other states. The net result is that he favored immigration into the empire and opposed emigration from it.

II. The Rural Exodus

From his observations of the shiftings of the people within the island territory Tucker is led to remark upon the flow of population towards the cities and its effects:

"As to the continual flux of the lower order of people into towns and cities, and their desertion of their native places, this, alas, may be but too well accounted for: . . . First, it is but natural to suppose that the poor, being of the same flesh and blood with their superiors, and exposed to the same temptations, should be infected with the reigning disorder of the times, viz., a thirst after pleasure and amusements, a taste for gaiety and show, and consequently a desire of supporting their expenses without much industry or application. . . . But, secondly, it is not always true that rustics and peasants come to reside in towns and cities through choice and inclination; on the contrary, they are frequently driven to this expedient of late years, especially

[1] *Reflect. Nat. For. Prot. Part II*, p. 37.

through cruel necessity. For when their narrow-minded landlords pull down their cottages in order to avoid even the contingency of a poor tax, and when they themselves are hunted from one country parish to another for the same reason, and not supposed to fix their abode on any, what can these poor wretches do but flee to great towns and cities?" [1]

The result as Tucker saw it was that

"Great cities are already becoming the bane of mankind in every sense, in their health, their fortunes, their morals, religion, etc., etc., etc., and it is observable of London in particular, that were no fresh recruits, male and female, to come out of the country to supply those devastations which vice, intemperence, brothels and the gallows are continually making, the whole human species in that city would soon be exhausted. For the number of deaths exceeds the number of births by at least 7,000 every year." [2]

III. The Poor

Tucker dealt with the question of the poor at some length. He (a) described their actual condition, (b) suggested their claims upon the nations, (c) criticized the prevailing plan for the maintenance and control of those who became public charges, and (d) constructed a plan of his own for dealing with the public's poor.

a. Describes condition of poor

In describing the condition of the poor he pictures a grievous state of things in England:

"With regard to the morals of the poor, times were never worse. For the lower class of people are at this day so far degenerated from what they were in former times as to become a

[1] *Sermon at Charity School*, pp. 18, 19.

[2] *Treatise on Gov't*, pp. 260–61.

matter of astonishment and a proverb of reproach. And if we take the judgment of strangers and foreigners of every country, who are certainly the most unexceptionable judges in this respect, we shall find them all agreed in pronouncing the common people of our populous cities [1] to be the most abandoned and licentious wretches on earth. Such brutality [2] and insolence, such debauchery and extravagance, such idleness, irreligion, cursing . . . and contempt of all rule and authority, human and divine, do not reign so triumphantly among the poor in any other country as in ours." One reason is, "our people are drunk with the cup of liberty; . . . the lowest of the people are now become the ultimate judges of public affairs; . . . they turn this liberty into licentiousness; . . . they outbrave punishment. . . . Our houses of correction corrupt more than they correct." [3] "And what shall I say of our mariners? . . . What they have been so long in earning, at the hazard of their lives, . . . they profusely and wantonly throw away, as if the whole pleasure of spending their money consisted in doing it as speedily, as foolishly and as wickedly as they could devise." [4]

b. PRESENTS CLAIMS OF POOR

To those who would argue that no attempt should be made to elevate the poor for fear that the "balance of condition which ever ought to exist between rich and poor" be disturbed, Tucker replies:

"If they mean to say that the poor should be treated as so many beasts of burden, without being permitted to enjoy the fruits of their own labor, or to rise gradually in the world by

[1] Previous quotation, see pp. 114, 115, has given Tucker's partial explanation of the crowding of poor people into the cities.

[2] Tucker's *Earnest Address*, etc,, in 1787 argued against cock throwing as unmanly and cruel. It brought reproach upon the country, for "It is on account of such diversions as those that they give us abroad the character of a bloodthirsty and inhuman people," p. 5.

[3] *Six Sermons*, pp. 70–74. [4] *Ibid.*, p. 88.

superior industry or skill, by greater frugality or better economy, this is nothing else but saying, in other words, that the poor ought to be kept in a state of slavery of the most abject kind, . . . and slavery will ever be found as repugnant to the interests of society as it is contradictory to the principles of common justice and humanity. Nay, it is known, experimentally known, to be incompatible with an extensive progress, much less with any great perfection, in manufactures and the mechanic arts. . . . It has been observed . . . that those whose private interest leads them to be industrious and to cultivate everything to the best advantage, succeed the best in making useful discoveries at first, and in prosecuting them afterwards. . . . If any . . . poor . . . exert greater industry, or display superior skill, or practice better economy than others, . . . they ought to be at full liberty . . . to rise in the world. . . . Can we pursue other measures consistently with those ideas of freedom and liberty which now prevail?" [1]

So much for the rights of the poor to an opportunity to rise. As to their claims upon society for charity Tucker says:

"It is a principle of justice and equity . . . that it is fitting and right to return something to the poor, by way of compensation, for the inequality of our possessions, and of making some reparation for the injuries they may have suffered, and the diseases contracted, when drudging on our account." But such charity should be disposed where "most good may be done in the most effectual way; where idleness and imposture may be sure of being detected, ... where industry may be encouraged." [2]

c. CRITICIZES POOR HOUSE SYSTEM

Tucker's criticism of the system of caring for the public

[1] *Sermon Charity School*, pp. 19–22.

[2] *Six Sermons*, p. 86.

poor and his own plan for remedying the defects of the prevailing system are both elaborated in very considerable detail in his *Manifold Causes of the Increase of the Poor.* Only the scantest outline can be given [1] of theme here. In criticism he argued:

1. The present districts are too small (1) to employ the poor effectually, (2) to teach the young Christianity and some particular industry, (3) to have good government of the poor, (4) to secure cheap maintenance and (5) equal taxation, (6) to prevent lawsuits.

2. Annual election of officers is a capital defect. "Little consideration will be given to any plan which cannot be harvested within a year."

3. Because of these defects the poor become desirous of parish pay, "as a pension to support them in laziness and indolence. Therefore they suffer themselves to become the poorer and more miserable in order to move compassion and to be considered as the proper candidates for this desirable state of life, which frees them at once from all labor and care."

4. "The taxes for the support of the poor are not founded on a judicious principle; . . . the legislature seems to have had no other end in view than . . . just to raise as much money as the case required. Whereas the first view in laying on taxes for the support of the poor should be to remove or lessen all such causes and temptations as may have contributed towards making people poor, so that these evils may be prevented for the future. . . . Secondly, to raise a sum of money sufficient to maintain those already poor and defray such expenses as cannot now be prevented, and therefore must be submitted to."

5. Poor are daily increasing in numbers; poor rates are becoming intolerable; parishes carry on expensive war, offensive and defensive, with each other; industrious poor are hunted from parish to parish; difficulties are placed in the way of mar-

[1] All that follows, on the subject of the poor, is paraphrased or quoted from *Manifold Causes Increase of Poor*, 1760.

riage amongst the poor; the country is becoming depopulated; labor grows scarce; wages rise, and production of necessities decreases.

6. Due to the fact that the property qualification for voters has not changed since the 8th of Hen. VI, c. vii, which placed it at "40s. by the year at least, above all charges," although the purchasing power of money has changed very considerably, the poorer classes have more power in elections, and this is demoralizing.

d. PROPOSES A POORHOUSE SYSTEM

When he came to propose remedies for the evils outlined above, Tucker first stated the essential characteristics of a sane attempt to reform an ineffective or vicious system:

"The root of the evil should be reached, but not too precipitately or violently," for "the mass of mankind are more attached to old custom than to truth and reason, or the usefulness of things. . . . To prevent future drunkenness, idleness and extravagance in the rising generation should be the principal object of every proposal made." As nearly as possible the regulations should execute themselves. They should be based upon common principles and applicable throughout the realm. What the official positions lack in profit should be made up in honor to the incumbents.

Tucker then develops in minute detail a plan embodying the principles expressed above and aimed to correct the evils he had detected in the poorhouse system then in use. The details are worked to completeness for levying and collecting the necessary tax and even for the household economy of the poorhouse, the regulations of its workshops and the punishment of offenders among its inmates. A few of the leading features of his scheme deserve mention.

He opposes outrelief in all cases except: (1) infectious

disease; (2) a numerous family of young children;[1] (3) sudden calamity, such as a fire, rendering provident persons temporarily helpless; (4) sickness or casualty, rendering removal dangerous.

He would establish an employment bureau at each poor house.

He would forbid all begging and deal with all cheats and impostors as rogues and vagrants, to be arrested, placed upon a diet of bread and water, at hard labor for ten weeks, whipped twice each week and dismissed with a warning of doubled penalty for a second offense.

He would divide poorhouse inmates into three classes, treating the decrepit and the very young "tenderly," and dealing with those able to labor "according to their productive merits" i. e. at one extreme those producing very little to receive coarsest fare and clothing and scantily furnished rooms; at the other extreme, those producing much to have better food, clothing and rooms, to be permitted to keep a part of their earnings and to be given a certificate of industry and allowed to leave the poorhouse when their savings reached a given sum. He would employ the inmates in gardening, dairy farming, and staple manufacture such as that of coarse woolens. He would pay managers, teachers and others in charge of the poorhouse, in bounties proportioned to the quantity and quality of good produced.

This is but a meager outline of an honest and thoughtful attempt to aid in solving the knotty problem of the pauper in the England of 1760.

[1] Tucker's general thesis for the need of an increased population evidently inspires this exception.

CHAPTER III

AGRICULTURE

Book II. of Tucker's great work was to contain "certain polities for the extension and improvement of commerce." [1] He uses the phrase "commercial employment" [2] to include obtaining food, which is "husbandry," [2] and securing raiment and shelter, which is "manufactures." [2] These two are complementary. They are "mutual consumers of each other's wares and real exaltation or depression of either similarly effects the other."[2] He goes further and classes agriculture under manufactures:

"Agriculture is nothing else but a distinct phase of manufactures, in relating to which the ground or soil is properly the raw material and the landowner or farmer is the head manufacturer. This being the case, it must necessarily follow that every *general* principle of commerce which tends to establish and promote other manufactures must likewise be productive of good effects in husbandry." [3]

Believing in this close interdependence of husbandry and manufactures, he steers a course midway between the Mercantile and Physiocratic rocks, declaring:

"How wrong must have been that system of polities which endeavored to set husbandry and manufactures at variance." [4]

[1] See *Skeleton* in *Appendix* of this volume.

[2] *Elements*, p. 42.

[3] *Ibid.*, p. 43.

[4] *Ibid.*, p. 42.

He thus maps out the field of "commerce," embracing all productive activity, broadly into agriculture and manufactures. He turns his attention first to agriculture. Here he carefully distinguishes between the economics and the technology of husbandry for he aims

"not to tell how to cultivate, ... but to show that the universal mover in human nature, self-love, may receive such a direction in this case, as in all others, as to promote the public interest by those efforts it shall make towards pursuing its own." [1]

To accomplish this aim he suggests several polities for the encouragement and improvement of agriculture. These are:

I. "A Polity for Dividing Great Estates"

He objects to the English system of primogeniture and great estates. These great estates are veritable monopolies:

"A farm of four or five hundred, not to mention seven or eight hundred, pounds a year, is certainly a monopoly of its kind, because it would have afforded a comfortable subsistence to three or four families if divided into so many distinct farms. And, indeed, it is attended with all the bad effects which other monopolies are, such as dispeopling a country and preventing the increase of inhabitants, raising one set of persons too high and depressing others too low. All which must be greatly injurious to national industry, good husbandry and extensive commerce." [2]

He objects to a "Gothic baronage landed estate" [3] which

[1] *Elements*, p. 43.

[2] *Ibid.*, p. 62.

[3] Quoted phrases and ideas here are in *Elements*, pp. 43–47.

he believes to be in conflict with the trading interests. The landed lords keep their vassals poor that they may appear the greater by comparison. Such a system also "impedes improvements in husbandry"[1] for it gives no incentives to industry. In the feudal days there may have been a need for these great estates and of primogeniture but now it would be more just, and make more for the public good, to divide say one half[2] of the estate among the younger children. Such a plan would avoid the class of estateless younger sons, Will Wimbles, "too proud to be mechanics and too poor to be high class traders." If the "unwieldly estates" were broken up they "would be far better cultivated."

II. "A Polity for Enclosing Commons and Common Fields"

Tucker was a strong advocate of enclosure. He states[3] that commons originated in the feudal day when common lands attached to every manor and the kings "kept prodigious tracts in almost every county waste and desolate as chase and forests." He thinks that although the British have perpetuated these commons in their original state of desolation "there is not one reason now remaining for their continuance."

To the various objections against enclosure he submits answers, a brief digest of which follows:

To enclosure it is objected: (1) That sheep walks will be

[1] Quoted phrases and ideas here are in *Elements*, pp. 43–47.

[2] Tucker's exact suggestion is that the elder son receive one-half of the landed estate and one child's share of the other half, the personalty to be equally shared by the children. *Elements*, p. 45.

[3] The digest and quotations that follow are from *Elements*, pp. 48–55.

destroyed. But "this assumes that all enclosed lands will be tilled." But the fact is that enclosed lands are pastured frequently, and that "in counties where enclosures have occurred the number of sheep has increased."

(2) That enclosure destroys the fineness of the wool. But "English export woollens are made of coarser wool anyhow." No one knows certainly what does make wools vary. Probably it is the warmer housing of the sheep.

(3) That enclosure will lessen arable lands, for it is so easy to enclose pastures. This is the very reverse of (1) "So long as people want mutton and woollen goods, sheep will be raised, whether lands be in commons or enclosed."

(4) That enclosure deprives many poor people "of their great privileges." "But enclosure is the very means that gives the poor employment and enables the farmer to pay them better wages." . . . "But in regard to their right or privilege of common, that ought not to be taken from them without a full and ample compensation. Nor, on the other hand, ought either poor or rich to be indulged in a petulancy of humor to obstruct the public good, merely because they are resolved to adhere obstinately to the absurd and foolish prejudice of their forefathers." [1]

(5) That enclosure prevents the rearing of young cattle. Rather it should be said that unlimited commons afford "a place for rearing stunted cattle, ... for too many are put there for any to thrive." [1]

Having thus dealt with the argumentative phases of the subject, Tucker, in his usual way, suggests a practical "polity," providing in detail for the methods of determining when a given common should be enclosed and how the claimants to it should adjust their several claims.

[1] *Elements*, p. 52.

III. A Polity for Changing Tithes into Glebe

The tithing plan, instituted by Moses, is suited to a theocracy, in Tucker's judgment. His historical sense is clearly evidenced here when he charges unclear thinking against the church fathers:

> "Origen, St. Ambrose, St. Austin, &c., &c., who maintained that tithes were of Divine right under the gospel because they were so under the law, must have had very imperfect notions both of law and of gospel." [1]

He objects to the tithe because it is a tax which burdens industry and involves the clergy in difficulties with their parishioners. He therefore suggests that tithes be exchanged for small pieces of land (glebe) and these re-exchanged until there is a "compact estate in each parish." This will give the clergy a living income which will rise and fall with the prosperity or decline of general business (and is therefore, in his jdugment preferable to a fixed recompense) and will remove all friction between clergy and parishioners. It will be well also to interest men of letters in agriculture for they will improve the science.

IV. A Polity for Reclaiming Marshes, etc

This polity [2] plans for increasing "buildings in low, fenny, marshy grounds and rendering them healthy." It suggests buildings with foundations arched above the ground. The first story is to be used as a store room thus putting the living quarters "sixteen feet above the ground and therefore above the animalcula or poisonous particles in marshy places." He cites the successful experiences of Venice, Marseilles and Bordeaux and closes with an outline of tax

[1] *Elements*, p. 57.

[2] *Ibid.*, pp. 62–68.

exemptions and special privileges to be granted for a decade to those who should so reclaim waste lands.[1]

V. A Polity for Creating Timber

Tucker declares here for compulsory forestry. After a disquisition showing the "vulgar error" of thinking that English oak is the best of all ship-building timbers, he puts the interesting question as to the need of any stimulus to self-interest in the increase of timber land since "timber is a raw material whose demand is increasing and whose uses are multiplying every day." His answer to this query shows that he had noted man's tendency to discount the future:

> "In timber, he who plants cannot expect to reap the benefit. . . . . We must take human nature as we find it, and make the best uses of it we can. . . . If we really expect a growth of timber equal to the demands of maritime, &c., ... we must render it the present and immediate self-interest of every landowner in the kingdom to make plantations."[2]

To compass this end he suggests that the state compel every holder of above 400 acres in one parish to have at least 20 acres of timber under penalty of doubled land, window and poor taxes.

VI. A Polity[3] for Registering Deeds

Tucker asks for registry, hereafter,[4] of the titles involved

[1] In *Reflections upon . . . Causes . . . of Price . . . Wools*, Tucker outlines a plan for placing militiamen upon waste lands to reclaim them in small individual holdings. See pp. 31 to 46. The plan is minutely detailed.

[2] *Elements*, p. 74.

[3] *Ibid.*, p. 77.

[4] An illustration of the sagacity of Tucker the politician, aiming to so shape his plan that it will meet approval.

in marriage settlements, in sales and in mortgages under penalty that such transactions be invalid unless duly registered. Men oppose such a plan only because either they fear their titles are not good or they desire to secure excessive loans by double mortgages. These are the very reasons why a registry should be required.

Tucker on Rent

In connection with his polities for agriculture his treatment of rent may be presented.

Tucker touches incidentally only upon the rent of land. Wherever he offers any explanation of rent it is given in terms of population. The fullest treatment which he gives to this subject occurs in the second part of his *Reflections on Naturalization.* The passage reads:

"Lands near London rent for 40 times as much as lands of equal goodness in remote parts of England, Wales and Scotland. What is this difference in the rent owing to but to the superior number of inhabitants? And that these distant lands pay any rent at all, is it not (because of) the carrying of the produce of them to distant places? If the city of Bristol could be removed 40 miles off, would not all the estates around it sink in value? . . . . How can tenants pay rent if there is not a market? and what is a market but a number of inhabitants."[1] He sees that "good roads have the same effect as having "the lands contiguous to the towns."[2]

The very few and brief references[3] to rent made by

[1] *Reflect. Nat. For. Prot. Part II*, pp. 21 and 22.

[2] *Elements*, p. 51.

[3] For other references see *Reflect. Nat. For. Prot. Part I*, p. 64, and *Part II*, p. 19, and *Elements*, p. 32. This passage in the *Elements* reads, "The rent of land depends on the number of people, for land is quite useless without a market for its produce."

Tucker seem to indicate that he had given this subject but little consideration. His slight thought upon it, as the above passage shows, had shown him one factor in its explanation, viz., location. He had also noted [1] the relative fertility of different pieces of land but he does not at any time connect this fact with an explanation of rent.

Ideas are contained in passing remarks which show that he had some material which might have led him to a concept of diminishing returns from land, had he but analyzed it. In his frequent appeals to the landed interest he sometimes argues that "every decay in trade must ultimately fall upon the land" [2] and that the development of commerce and manufactures "consumes the produce of lands and raises rent." [3] But nowhere in his writing does he make any attempt to formulate the law of diminishing returns from land nor does he give the slightest evidence that he had any knowledge of the fact of diminishing returns from land.

[1] In *Tract II*, p. 75, he mentions "different soils," and in *Reflect. Nat. For. Prot. Part II*, p. 23, he barely mentions that fertilized lands are more productive.

[2] *Spirit. Liq.*, p. 31.

[3] *Reflect. Nat. For. Prot. Part I*, p. 54.

CHAPTER IV

MANUFACTURE

TUCKER introduces that part of his great work which immediately follows his treatment of the land problems, with a declaration of the aim of all the succeeding portions of the great work:

"The business and aim of the ensuing sections must be to remove those obstructions which impede the industrious and useful operations of self-love, and to set mankind and nature free. Free, I mean, in that sense in which consists our true liberty. For if self-love is restrained from doing good to society, it will do mischief, and if prevented from doing mischief, it will do good.[1] . . . . Surely nothing can be plainer than that every man hath a right by nature to subsist himself by his own labor and industry in any way that is compatible with the good of the whole; for this is the only limitation that should take place." [2]

This plea for freedom is central to all the thought that follows. The one hundred subsequent pages of the *Elements* have this freedom principle so prominently developed and so persistently applied that they clearly class their author as a strong advocate for economic freedom.

Having dealt with population in general and with land, Tucker elects to consider manufactures as the next subject

[1] *Elements*, p. 78.

[2] *Ibid.*, pp. 81–82.

to be treated in the unfolding of his systematic consideration of economic life. He defines:

"Mechanic trades and manufactures [are] to be understood in the largest signification, including every branch of commercial industry, including shipping and navigation." [1]

As indicated in this definition, manufacture may occur by land industry or it may be accredited to shipping. Tucker treats first the inland division, leaving the carrying trade and its consequent international commerce problems for a succeeding chapter. His freedom principle as he applies it to inland manufacture reads

"Any trade may be said to be free in which every person may engage if he pleases." [2]

This raises with him the inquiry, what trades should be free and what are the means of securing their freedom?

Analyzing the manufacturing life about him he finds that the British have that "liberty of conscience [which] conduces to industry" [3] and that "as to civil liberty, never were a people more free than the English at this juncture." [3] Commercially however he thinks them free only in the sense that they are free from royal control. They are

"slaves in other respects," for, "under foolish and fallacious pretences for supporting their privileges, . . . private parties oppress . . . as would not be tolerated in a king." [4]

These traditional restraints upon commercial freedom he

[1] *Elements*, p. 79.
[2] *Ibid.*, p. 80.
[3] *Ibid.*, p. 81.
[4] *Ibid.*, p. 82.

combats. Two particular claims are put forward by exclusive companies, empowered to enforce these restraints, and he answers these claims at length.

(1) The first claim is that such companies are needed to maintain a standard of manufactured commodities.

He replies (a) That to attempt to set any arbitrary standard is injurious interference with trade and (b) That if exclusive companies are needed to test manufactures in any branch, then they should be given control of every branch; for examples there should be "butter and cheese worshipful companies" and

"on the same wise principle, a law ought to be enacted that for the due and proper exercise of the art and mystery of carrying goods and drawing a load in a carrier-like manner, all horses employed therein shall be duns, blacks or bays!" [1]

(2) The second claim is that exclusive companies aid in developing new industries and induce foreign artisans to immigrate. Tucker's reply is that general bounties will develop new industries more quickly and less expensively to the community than chartered companies and that as to any danger of a mal-adjusted labor supply in industries new or old, perfect freedom to laborers to labor when and where they choose and at what wage they will agree upon, will secure a far more satisfactory adjustment than if exclusive companies attempt an arbitrary settlement. He rounds up his whole argument thus:

"The result of the whole is, . . . that no discouragement ought to be put upon industry and labor; that every trade productive of national commerce, wealth and prosperity ought to be free and unrestrained; that monopolies and exclusions in

[1] *Elements*, p. 84.

the case before us are both foolish and knavish schemes; . . . and, to sum up everything, it hence appears that excellency of work, cheapness of labor, right application of genius, good morals in private life, plenty and prosperity in regard to the public are the sure consequences of universal freedom and emulation." [1]

In connection with manufactures, the theme of this chapter, the topics so developed by Tucker, both here and elsewhere in his works, as to deserve especial consideration are I. Competition and Monopolies; II. Labor and Wages; III. Capital and Interest; and IV. Machinery.

I. Competition and Monopolies

Tucker believed in free competition as the certain stimulator of industrial and commercial activity. He very frequently argues that it makes for society's best interests. His emphasis upon the importance of this principle may be most clearly evidenced by selections from among the many references to its powerful influence, to be found throughout his works:

"What is the public good? Is it not for the most part the result of emulation among the members of the same society? And what would become of industry, temperance, frugality, and the desire for excelling, if there were no emulation?" [2]

"The public good can only be promoted by a free and open trade, and by rival ships and competition." [3]

A corollary of such propositions is that monopoly should be opposed, and Tucker opposed monopoly. Upon no other

[1] *Elements*, p. 92.

[2] *Reflect. Nat. For. Prot. Part II*, p. 33.

[3] *Letter on Naturalization*, p. 5 of Mss. A similar statement was quoted on the previous page from *Elements*, p. 92.

one topic did he write so extensively. The long *Appendix* to the *3d edition* of the *Essay on Trade,* the entire tract on the trade to Turkey, more than one-half of the *Elements* and long passages in other works are devoted to a condemnation of monopoly. Tucker recognizes a tendency to monopoly in every human nature:

"All men, whether natives or foreigners, would be monopolists if they could." [1]

Commercial monopoly is thus defined by him:

"That in a commercial sense, every exclusion from the common benefit of trade due to all men by natural right,[2] is a monopoly. And the degrees of the monopoly are either more or less in proportion to the restraints and abridgements of such natural right." [3]

The spirit of the monopolist he thus characterizes:

"The desire of present gain operates so strongly with every monopolist that he is quite regardless of futurity; hoping that he will have made his fortune before the evil can reach himself; and as to the public, that was never his concern." [4]

He states clearly that the interests of the public and of monopolistic companies clash and he points to free competition as the remedy for monopoly abuses:

"The aims of an exclusive company can never coincide with

[1] *Letter on Naturalization*,, Mss. p. 6.

[2] Natural right is sometimes appealed to by Tucker—the prerogative of an 18th century political writer.

[3] *Elements*, p. 161.

[4] "*Appendix to Turkey Trade*," p. 24.

the welfare of the public, inasmuch as monopolists, established by law, are thereby secured from rivals. So that their particular interests consist in selling as dear as they can; whereas the interest of private adventurers is to sell as cheap as possible, in order to get custom by rivalling one another. Thus the public is benefited by emulation, as it promotes the circulation of labor [1] and universal plenty; but is hurt by monopolists, who are a check to industry, to the circulation of labor [1] at home and the exportation of it abroad, and whose only view, whatever may be pretended, is to sacrifice the general interest of the kingdom to that of a few individuals." [2]

Tucker's chief attacks upon particular monopolies were directed against the great chartered trading companies of Great Britain. His arguments against these privileged companies are considered at some length in the following chapter, upon "Foreign Trade," and will therefore be passed here with the mere mention.

His opposition to monopolies in the concrete did not end with these powerful assaults upon exclusive trading companies. He opposed monopoly in any form in which it appeared to him inimical to the public welfare. For illustrations, *he objects*

(1) "To confining the commission money (from trade in a foreign country) to an English factor. . . . If the trade was free, every man would naturally choose that agent who would serve him best, let his country be what it will," [3]

(2) To the long apprenticeships then required, advising the repeal of "the 5th of Elizabeth, which obliges persons to serve apprenticeships of seven years to several trades which require

[1] Tucker frequently uses the term "labor" when he evidently means by it "products of labor."

[2] *Reflect. on Turkey Trade*, p. 5.

[3] *Letter on Naturalization*, Mss. p. 7.

not seven weeks to learn—a most iniquitous and vexatious law, which gives to dunces and blockheads a power to tyrannize over the most ingenious, useful and industrious members of society." [1]

(3) To the Navigation Act. Of this he says: "By the famous Navigation Act, and other acts still in force, all foreign commanders of foreign-built ships, together with their foreign crews, are in effect excluded from enjoying the benefits and privileges of settling in England were they ever so desirous. Now if this be not a monopoly against the whole trade and manufactures of this country, it is hard to say what it is." [2]

(4) To large estates. The argument upon this subject has already been presented in the preceding chapter.

The only monopoly which Tucker views with tolerance is that afforded by the patent right. Of this he says:

"The inventor may have a patent to reward his genius, to reimburse his expenses, and to encourage his industry, for fourteen years, if he pleases." [3]

II. Labor and Wages

The second special topic suggested by Tucker's treatment of manufactures is labor and wages.

Tucker presents no distinct theory of wages. He has much, however, to say about labor and its reward. His thought may be given under the following headings: (a) competition in the labor market; (b) piece vs. time wages; (c) division of labor; (d) factory vs. domestic system; (e) danger of high wages and holidays; (f) the unproductive

[1] *Thoughts on Public Affairs*, *Gent's Mag.*, vol. 1, pp. 132–133.

[2] *Further Thoughts*, section VI. A strong and extended attack on the Navigation Act occurs in *Rfleect. on Present Matters in Dispute*, etc., pp. 18–25.

[3] *Tract V*, p. 58. A similar thought is expressed in *Elements*, p. 168.

classes; (g) opposition to fixed wages; (h) opposition to apprenticeship and settlement acts; (i) opposition to slave labor.

a. COMPETITION IN THE LABOR MARKET

A passage in the *Elements* argues that congestions in the labor market will be righted in time better by letting the normal forces of that market play than by attempting corrective interference by state power. It is the application of his freedom thesis to labor. He says:

"Granting that a trade may be accidentally overstocked with numbers; when that is the case the best and safest way is to let the evil alone, and then it will infallibly cure itself. For, in process of time, some of these persons will go off to other trades, and as the trade is out of repute, there will not so many young recruits be bred up to it. Thus the occupation that was once overstocked will soon be reduced to a medium, and may in its turn want hands again, the consequence of which may probably be that it will be again overstocked. For such is the rotation of human affairs, dearness begets cheapness and cheapness, dearness. But if you should take any other course than the one here mentioned, which is in fact the course of nature and of Providence, . . . your attempts will not only be frustrated, but, by endeavoring to remove one seeming evil and temporary inconvenience, you will certainly introduce a thousand real ones, which will grow more dangerous and inveterate by length of time." [1]

b. PIECE WORK VS. TIME WAGES

Tucker develops the advantages of a piece work system. The passage in which he does this closes with an argument against the economy of slave labor which anticipates the

[1] *Elements*, pp. 87–88. A similar passage is in *Reflect. Nat. For. Prot. Part II*, pp. 13 and 14.

order of topic arrangement somewhat; but the passage is given entire that its force may not be lessened:

"Most manufacturers now find it to their interest to pay their people by the piece, or the great, wherever they can, rather than by the day; which circumstance alone is a striking proof that no sufficient check hath yet been invented against loitering away of time when the master was to pay for it; not to mention that the person who works by the day hath scarce any motive to exert an industry, dexterity or skill superior to others, whereas the working by the piece, or the great, calls them all forth, because he himself and none others are to reap the benefit of them. And note well this single remark, were there no others, is sufficient to prove that slaves—who literally work by the day and can have no motive whatever to exert any other industry or dexterity than what is just sufficient to escape the whip of the driver; nay, whose self-interest will naturally teach them to conceal any superior talents from the knowledge of their masters, lest their masters should expect a greater task from them than others, and punish them for not doing it—I say, this single remark is full proof that slaves never did, nor ever will, perform their work either so cheap or so well as those freemen who work by the piece, or the great, and are spurred on every moment by the example of others, by self-interest, and by the glory of excelling." [1]

c. DIVISION OF LABOR

In the preliminary pages opening his *Elements,* Tucker introduces the division of labor as characteristic of man as distinguished from the lower animals:

"Nor do birds, beasts, or fishes discover any disposition to divide the labor of the community into different branches or assign distinct parts to the respective individuals. This, I

[1] *Instruct. for Trav.*, pp. 19 and 20.

think, is the case in general with respect to the brute creation. But if there are any traces of superior abilities, they are so few and inconsiderable as not to deserve a particular inquiry. Nay, whenever any tribe of animals distribute the labor of the community into different parts, as is reported to be the case among the beavers, ants and bees, it hath always been observed that they make some advances superior to the condition of mere animal life." [1]

The social instincts are " for the most part the prerogative of man " [2] and men therefore " naturally seek society to gratify these social instincts." [2] Where they are once together in society a vast number of advantages appear owing to mutual assistance.

" The common labor of the society is branched out into separate and distinct parts. Then it is that each individual chooses a particular course of life, according as his circumstances of genius shall determine his pursuits. I mention genius the more emphatically because some men are formed by nature to peculiar employments, being born with talents (which are a kind of instinctive knowledge) for one pursuit preferably to another. . . . Therefore, among the human species some are employed in the several articles of clothing, others in raising provisions, and third set in preparing materials and building habitations. Thus are the first wants of mankind, viz., food, raiment and dwelling, much better supplied by dividing the general labor into different branches, than if each individual depended on himself alone. . . . And these different parts of the common labor are nothing else, in other words, but distinct trades and manufactures, and may be considered as the first draft or rudiments of commerce." [3]

[1] *Elements*, p. 4.

[2] *Ibid.*, p. 5.

[3] *Ibid.*, pp. 5 and 6.

Tucker's reasons for introducing the discussion of division of labor in his preliminary discourse are obvious. In analyzing human nature he found social instincts; in the societies formed to satisfy these instincts he saw that men by mutual aid make great gains over animals; one of the earliest and greatest of these gains comes from a division of labor. The division to which he refers here is the division into various occupations but even in this he saw one of the advantages true throughout all the more minute divisions viz., that men can labor where their talents will return the most to society. In later discussion he stated a number of the further advantages which labor division brings. Among these as he noted them are (1) the expertness and speed acquired by one who continuously performs a single operation or manufactures a single commodity; (2) the saving of time and of expense; (3) the possibility of utilizing child and woman labor to greater advantage. These thoughts and two others bearing upon division of labor viz., (1) the especial opportunity to secure more minute division of labor in the machine industries and (2) the effect of a narrow market in preventing the gainful division of labor are suggested in one of his instructions to his young traveler. After having advised that the traveler observe what use is made of machinery in a given country, he suggested as his next query:

"Is that labor which is still being performed by the human kind so judiciously divided that men, women and children have their respective shares in proportion to their strength, sex and abilities? And is every branch so contrived that there is no waste of time or unnecessary expense of strength and labor?" [1]

[1] *Instruct. for Trav.*, p. 22.

That he might make his meaning clear he cited an illustration from Birmingham:

"When a man stamps a metal button by means of an engine, a child stands by him to place the button in readiness to receive the stamp and to remove it when received, and then to place another. By these means the operator can stamp at least double the number which he could otherwise have done had he been obliged to have stopped each time to have shifted the buttons; and as his gettings may be from 14d. to 18d. and the child's from a penny to 2d. per day for doing the same quantity of work, which must have required double the sum had the man alone been employed, this single circumstance saves above 80, or nearly 100 per cent., at the same time that it trains up children to a habit of industry almost as soon as they can speak. And hence it is that the *bijoux d'Angleterre,* or Birmingham toys, are rendered so exceedingly cheap as to astonish all Europe." [1]

The influence of a wide market in making possible a very great differentiation of employment he states thus in his discussion of the relative trading strength of poor and rich nations:

"In the richer country, where demands are great and constant, every manufacture that requires various processes and is composed of different parts, is accordingly divided and subdivided into separate and distinct branches, whereby each person becomes more expert, and also more expeditious, in the particular part assigned him. Whereas, in a poor country the same person is obliged, by necessity and for the sake of getting a bare subsistence, to undertake such different branches as prevent him from excelling or being expeditious in any." [2]

[1] *Instruct. for Trav.*, p. 23.

[2] *Four Tracts*, pp. 33–34.

It is, moreover, observable that in country places where there is scarcity of inhabitants, one trade will not be sufficient for a man's subsistence, but several distinct occupations must be joined together in order to obtain a bare and wretched support. By which means it comes to pass that there cannot be the *quantity* of work performed as where every one exercises and improves himself in one particular calling, and as to *quality* or workmanship itself, that must necessarily be clumsy, rude and imperfect." [1]

d. DOMESTIC VS. FACTORY SYSTEM

Tucker favors the domestic system rather than the factory system. He describes the two systems as then in operation and contrasts their effects upon the laborers and upon the product. Raising the question of the relative number of independent manufacturers and of journeymen and the effects upon morals, quality of the product, etc., he tells his traveler the conditions in England:

"This matter is better illustrated by comparing the same manufacture, and the consequences attending it, under the different circumstances here referred to. In many parts of Yorkshire the woollen manufacture is carried on by small farmers and freeholders. These people buy some wool and grow some. Their wives, daughters, and servants spin it in the long winter nights, and at such times when not employed in their farms and dairies. The master of the family either sells this produce in the yarn market or hath it wove up himself. It is then milled, cleansed, and brought to market, generally to the town of Leeds; but when sold there, he can be paid for no greater number of yards than the cloth will measure after having been well soaked in water, by which means all frauds in stretching, tentering, &c., are effectually prevented. The persons who buy this cloth generally act upon commission at

[1] *Elements*, p. 12.

a very low rate, and afterwards cause the cloth to be dyed (if it was not dyed in the wool), and to be properly dressed and finished. Thus the whole passes through various hands independently of each other. And though in fact the spinner, weaver, millman, dyer, dresser, &c., &c., are all of them the journeymen of the agent or commissioner, who stands in the stead of him who is the clothier in other places, yet by acting thus upon a distinct footing they conceive themselves as far independent of him, and of each other, as any buyer or seller whatever. And being thus independent, they are all rivals, all animated with the same desire of bringing their goods to market upon the cheapest terms and of excelling one another. Their journeymen, likewise, if they have any, being so little removed from the degree and condition of their masters, and so likely to set up themselves, by the industry and frugality of a few years, have no conception that they are embarked in an interest opposite to that of their masters, or that they are called upon to enter into clubs and combinations against them. Thus it is that the working people are generally moral, sober and industrious, and that a riot or a mob is a thing hardly known among them. Whereas in Glocestershire, Wiltshire, and Somersetshire the manufacture is carried on by a quite different process, and the effects are accordingly, viz.: One person, with a great stock and a large credit, buys the wool, pays for the spinning, weaving, milling, dyeing, shearing, dressing, &c., &c. That is, he is the master of the whole manufacture, from first to last, and perhaps employs a thousand persons under him. This is the clothier, whom all the rest are to look upon as their paymaster. But will they not also sometimes look upon him as their tyrant? And, as great numbers of them work together in the same shop, will they not have it the more in their power to vitiate and corrupt each other, to cabal and associate against their masters, and to break into mobs and riots upon every little occasion? The event hath fully showed, and is now showing, that these conjectures are too frequently supported by facts. Besides, as the master is placed so high above the condition of

the journeyman, both their conditions approach very much nearer to that of a planter and slave in our American colonies than might be expected in such a country as England; and the vices and tempers belonging to each condition are of the same kind, only in an inferior degree. The master, for example, however well disposed in himself, is naturally tempted by his situation to be proud and overbearing, to consider his people as the scum of the earth, whom he has a right to squeeze whenever he can, because they ought to be kept low and not to rise up in competition with their superiors. The journeymen, on the contrary, are equally tempted by their situation to envy the high station and superior fortunes of their masters, and to envy them the more in proportion as they find themselves deprived of the hopes of advancing themselves to the same degree by any stretch of industry or superior skill. Hence, their self-love takes a wrong turn, destructive to themselves and others. They think it no crime to get as much wages and to do as little for it as they possibly can, to lie and cheat, and do any other bad thing, provided it is only against their master, whom they look upon as their common enemy, with whom no faith is to be kept. The motives to industry, frugality, and sobriety are all subverted by this one consideration, viz., that they shall always be chained to the same oar and never be but journeymen. Therefore their only happiness is to get drunk and to make life pass away with as little thought as possible. This being the case, is it to be wondered at that the trade in Yorkshire should flourish, and the trade in Somersetshire, Wiltshire, and Gloucestershire be found declining every day?" [1]

Tucker's distrust of the common people reinforced his opposition to all monopolies in leading him emphatically to condemn any combinations of the laborers in these factories that were developing. This is suggested in the passage above quoted and is directly expressed in the *Essay on Trade* where the prevention of "combinations of journeymen

[1] *Instruct. for Trav.*, pp. 24–25.

against their masters" is characterized as "greatly for the public good." [1]

e. HIGH WAGES AND HOLIDAYS

Instead of upholding the economy of high wages, as a present day writer might do, Tucker, wherever he touches on the rate of wages, argues for a low rate. His eye is on enlarged markets in other lands and he laments that the English workmen do not labor more cheaply. For example, speaking directly to British laborers in explanation of the recurrent stagnations of trade, he tells them that the cause

"is really this, that you do not labor as cheap, and are not content to live and fare as hard as the manufacturers in other countries, and consequently their merchants can afford to sell their goods at the market cheaper than ours. . . . For alas! and this is the ruin of all our trade, too many there are who will not accept of work one part of the week, but on such terms only as may enable them to live in vice and idleness the rest. . . . . In this you are worse, much worse, than the common people of any other nation." [2]

Again, he says that if "the price of labor is continually beat down it is greatly for the public good." [3] At another place he charges that the English common workmen become more vicious, more indigent and idle in proportion to the advance of wages." [4]

In close connection with this arraignment of the English workingmen as too grasping in wage and too inclined to idleness comes his testimony against them because they "lose probably more time in cockfighting, bullbaiting, mob-

[1] *Essay on Trade*, p. 46.
[2] *Six Sermons*, p. 89.
[3] *Essay on Trade*, p. 46.
[4] *Essay on Trade*, p. 41.

bings and electioneering" [1] than the French do "in their too many holidays and great processions." [1]

f. THE UNPRODUCTIVE CLASSES

Tucker considered professional men to be nonproducers. He ranks the professional classes among the "trades which injure the community by flourishing" and says of them.

"As these scholars and literary gentlemen, lawyers, doctors, divines, live by the labor of others, the increase of their numbers would be so far from adding to the public stock of wealth that it would greatly diminish it in every view. . . . A few, indeed, are necessary in every state, but many are a nuisance, both to themselves and to the public." [2]

He lists [3] as one of the disadvantages in trade of France as compared with Great Britain

"the number of religious, of both sexes, . . . at lowest computation 300,000, . . . who might be useful in trades; . . . but not only this, they are a heavy burden."

The large number of French nobles, scorning productive labor, is also listed with the disadvantages of France.

g. FIXED WAGES

Consistently with his freedom of trade thesis and with his application of this in opposing government attempts to regulate goods according to some standard, Tucker unreservedly condemns laws for fixing wages. He argues:

[1] *Ibid.*, p. 35. *An Earnest and Affectionate Address to the Common People, etc.* (1787), is a plea against cockfighting, etc.

[2] *Elements*, p. 92.

[3] *Essay on Trade*, pp. 28–30.

"The statutes regulating wages and the price of labor are another absurdity, and a very great hurt to trade. Absurd and preposterous it must surely appear for a third person to attempt to fix the price between buyer and seller, without their own consents. For, if either the journeyman will not sell his labor at the fixed or statutable price, or the master will not give it, of what use are a thousand regulating laws? Nay, how, indeed, can any stated regulations be so contrived as to make due and reasonable allowance for plenty or scarcity of work, cheapness or dearness of provisions, difference of living in town or country, firing, house-rent, &c., &.; also for the goodness or badness of the workmanship, the different degrees of skill or despatch of the workman, the unequal goodness of material to work upon, state of the manufacture, and the demand, or stagnation, at home or abroad? I say, how is it possible to make allowance for all these various and contingent circumstances? And yet were even this possible, a great difficulty still recurs, viz.: Who shall, or how can you, force the journeyman to work, or the master to give him work, unless they themselves shall mutually agree about it? And if they agree, why should you, or I, or anyone else interfere? And what need of any regulations at all? In short, such laws as these can do no good, because they can never be carried into a regular, useful practice. But, on the contrary, they may cause a great deal of mischief, riots, and disturbances, and will infallibly, sooner or later, drive the trade from that country where men are absurd enough to attempt to put them in execution." [1]

Incidentally this passage contains a suggestive analysis of the conditions determining contract wages.

h. APPRENTICESHIP AND SETTLEMENT

In further application of his freedom of trade principle Tucker is everywhere and always the consistent opponent

[1] *Instruct. for Trav.*, pp. 34 and 35.

of the statute of apprentices and of pauper settlements. He deals with these topics at length in both the *Elements* and the *Instructions for Travellers.* Under the head of exclusive privileges he classifies

"that absurd statute of the fifth of Queen Elizabeth, which restrains persons from exercising those very trades they may have the happiest genius for, and in which they may have made great improvements and excelled all that went before them. Yet strong and unanswerable as these reasons are, they are totally overruled by this single law, and the unfortunate ingenious person must be debarred from exercising that trade which nature herself designed him for, and perhaps in which only he could be of use to his country, because, forsooth, he had not served a regular apprenticeship!" [1]

Tucker criticises the pauper and parish settlement acts many times in his works. He opposes these laws because the parishes in particular are injured and because the trading and manufacturing nation, as a whole suffers through an ill distributed labor force. He says:

"The present set of pauper and parish settlement laws are absurd and unjust, nor have they one good consequence. . . . The parishes are injured, . . . put at war against the rest of the kingdom. . . . Law suits cost more than charity would. . . . The public at large suffers. In a commercial state, all able and willing should be provided with work; . . . cannot do this unless . . . can provide work for all at home at all seasons (an extravagant supposition), or let them seek it wherever they choose. . . . The poor suffer greatly by these unjust laws. . . . Sent to the parish to be a pauper when he could have a flourishing business elsewhere." [2]

[1] *Instruct. for Trav.*, p. 34. For a general scoring of all trade restraints due to exclusions and including the statute of the 5th of Elizabeth see *Elements*, pp. 79–92.

[2] *Elements*, pp. 20 and 21.

Again:

"The statutes relating to pauper settlements are another great confinement and disadvantage to trade, without being of real benefit to any set of men whatever, the lawyers excepted." [1] "The restraints that villains should not stir from manors probably suggested the later law that the poor be confined to their parish (originally coextensive with the manor). This indicates a failure to distinguish the difference of times and the variation of circumstances. For, in a commercial country, the people must follow their work, be it near or far, and as trade and manufactures are always shifting places, . . . it seems unavoidable that people should be permitted to remove as their work removes," &c.[2]

i. SLAVE LABOR

Tucker opposes slavery both upon ethical and economic grounds. He couples these two classes of objections when he says

"We make slaves of these poor wretches (the African blacks) contrary to every principle, not only of humanity and justice, but also of national profit and advantage, as I have often proved in several of my writings, both commercial and theological. We, I say, the boasted patrons of liberty and the professed advocates of the natural rights of mankind, engage deeper in this murderous traffic than any nation whatever." [3]

Under the discussion of piece work above and in the earlier chapter on *Fundamental Notions,* passages were cited giving one of Tucker's arguments against the economy of slave labor. The gist of all these arguments is

[1] *Instruct. for Trav.*, p. 34.

[2] *2nd Lett. on Naturalization*, p. 6, Note. Similar statements are made in *Manifold Causes Increase of Poor*, p. 8, and *Thoughts on Public Affairs*, *Gent's Mag.*, vol. 1, pp. 132–133.

[3] *Series of Answers*, p. 21.

"Little industry can be expected from any poor wretches who know beforehand that a greater exertion of industry on their parts would only be an increase of labor painful to themselves and solely beneficial to their masters." [1]

III. Capital and Interest

The third important topic under the general head, *Manufactures,* is Capital and Interest.

a. Capital

Tucker has but little to say about capital. He theorizes neither about its origin nor about its share in distribution. The one thought concerning it which he expands at all is the importance to the merchant, to the manufacturer, and to the nation, of having capital in large amounts. By means of their large capitals he notes that British manufacturers and traders can "give longer credits . . . and receive none;" [2] "always command the market in buying raw materials at the best hand;" [3] can make . . . costly experiments or embark in . . . expensive and longwinded undertakings;" [4] and can vend "all goods on the cheapest terms." [3]

It is because of their large capitals bringing to them these advantages that British merchants are the leading traders of the globe. He states that the combined capitals of British citizens give Great Britain, as a nation, a capital greater than that of any other nation, so great indeed, that "the trade of

[1] *Series of Answers*, p. 39. Tucker's most extended argument against the economy of slave labor occurs in *Reflect. Present Matters in Dispute, etc.*, pp. 11–17.

[2] *Series of Answers*, p. 30.

[3] *Four Tracts*, p. 34.

[4] *Ibid.*, p. 32.

the world is carried on in a great measure with British capital." [1]

In particular he argues that Great Britain has a great advantage over France in that "its capitals in trade are much larger . . . . no uncommon thing for an English manufacturer to have 20,000£ in trade" whereas in France "as soon as they get 10,000 £ is it not a common practice with them to buy some charge in order to ennoble their families and so wipe off the disgrace of having been once useful to their country?" [2]

b. INTEREST

Tucker deals with but one phase of the subject of interest, at any length. With this one exception, all of his remarks concerning it are incidental. All that he says may be presented under the heads (1) the rate of loan interest (2) discrimination between loan interest and profits and (3) the ethics of loan interest.

(1) Concerning the rate of loan interest he states that an increase of the money supply causes a lowered rate of interest;[3] that "the low interest of money will insure, the vending of all goods on the cheapest terms,"[4] i. e. that prices vary as the rate of loan interest; and lastly, that rents vary inversely as the rate of loan interest. This last point he argues in his longest passage treating of interest, in which he says:

"Enquire the relative price both of land and of money;

[1] *Series of Answers*, p. 31.

[2] *Reflect. on Turkey Trade, Append.*, pp. 28–29.

[3] *2nd Lett. on Naturalization*, p. 39.

[4] *Four Tracts*, p. 34. In *Essay on Trade*, p. 39, he states that higher interest makes higher prices.

criteria like the alternate buckets of a well, where the ascent of one necessarily supposes the descent of the other. . . . Where interest of money is high the price of lands must be low, because the height of interest is a proof that there are many to borrow yet few to lend. And if so, then it follows that wherever there are but few lenders of money there cannot be many purchasers of land. On the contrary, were the interest to be exceeding low, the price of lands must rise in proportion, because the lowness of interest is an infallible proof that there are many persons in that state capable of making purchases, and yet but few who want to sell or mortgage their estates. But the effects of high or low interest are yet to be extended a great deal further, inasmuch as the employment or non-employment of a people, and consequently their riches or poverty, will be found to depend, in a considerable degree, on one or the other of these things." [1]

(2) He distinguishes between loan interest and profits. In contrasting England and France he says that interest is lower in England and that "therefore a master manufacturer is content with less profits . . . for no man would run risks and take fatigue of trade if he could get as much, or nearly as much, by living upon the interest of his money." [2] It may be noted here that this remark contains the substance of all that Tucker has to say about profits.

(3) Tucker condemns laws against interest taking. Speaking of historic days where English princes were using the Jews "as sponges to suck up the treasure of the nation" [3] he says:

"It must be observed that both church and state had in those

[1] *Instruct for Trav.*, p. 59.

[2] *Reflect. on Turkey Trade, Appendix*, p. 28. A similar remark occurs in *Instruct. for Trav.*, p. 59.

times enacted several foolish, absurd laws, that no Christian should lend money upon interest." [1]

Remembering that Tucker was a churchman, it is interesting to note that he continues by commenting that both church and state erred in "grossly mistaking the meaning of the Scripture" on that head. In a note he refers to the Mosaic precept against interest saying:

"Moses, in settling the property of the land of Canaan, seems to have kept the happy medium between an absolute agrarian law and an unlimited monopoly of land. And, therefore, he allowed the rich and the industrious to purchase from the poor or the idle for the space of 49 years, and no longer. The consequence of which was that personal industry received a sufficient encouragement, at the same time that an effectual guard was placed against the laziness and luxury of an overgrown fortune. But this excellent scheme would still have been eluded had the Israelites been permitted to lend money to each other upon interest, because it would have proved the same thing in fact, whether the paternal estate was bought forever or mortgaged forever. He, therefore, ordained that they should not take usury or interest of one another. This is the true reason for that remarkable prohibition, but the clergy and laity of the times we are now speaking of little understood it." [2]

IV. Machinery

The last topic worthy particular treatment under the general head of *Manufactures* is machinery.

Tucker's theory of the effects of machinery, formulated in 1757, at the very beginning of the industrial revolution

[1] *2nd Lett. on Naturalization*, pp. 36 and 37. For other condemnations of usury laws see *Ibid.*, pp. 26 and 39.

[2] *2nd Lett. on Naturalization*, p. 37, *Note*.

in England is one that may be approved even to-day, when the economist has a century and a half of world-experience with machinery, upon which to reflect. In his *Instructions for Travellers* he advises his traveler to find out what machines are being used in each country that he visits and what effect these machines have upon the price of goods, and upon the number of persons employed. To illustrate his meaning he thus states [1] his own ideas concerning the use of machinery in England:

"Few countries are equal, perhaps none excel, the English in the numbers and contrivance of their machines to abridge labor. Indeed, the Dutch are superior to them in the use and application of windmills for saving timber, expressing oil, making paper and the like. But in regard to mines and metals of all sorts, the English are uncommonly dexterous in their contrivance of the mechanic powers; some being calculated for landing the ores out of the pits, such as cranes and horse-engines; others for draining off superfluous water, such as water-wheels and steam engines; others, again, for easing the expense of carriage, such as machines to run on inclined planes or roads down hill, with wooden frames, in order to carry many tons of materials at a time. And to these must be added the various sorts of levers used in different processes; also the brass battery works, the slitting mill, plate and flattening mills, and those for making wire of different fineness. Yet all these, curious as they may seem, are little more than preparations or introductions for further operations. Therefore, when we still consider that at Birmingham, Wolverhampton, Sheffield, and other manufacturing places, almost every master-manufacturer hath a new invention of his own, and is daily im-

[1] The passage has been reprinted here in full not only because it gives Tucker's thought upon machinery, but because (1) the first part of it is an outline account by an eye-witness of manufacturing England in 1757, and (2) it well illustrates Tucker's substance and style both as recorder of observations and as theorist.

proving on those of others, we may aver, with some confidence, that those parts of England in which these things are to be seen exhibit a specimen of practical mechanics scarce to be paralleled in any part of the world. As to machines in the woollen and stuff way, nothing very considerable hath been of late attempted, owing, in a great measure, to the mistaken notions of the infatuated populace, who, not being able to see farther than the first link of the chain, consider all such inventions as taking the bread out of their mouths, and therefore never fail to break out into riots and insurrections whenever such things are proposed. In regard to the silk manufacture, the throwing mills, especially the grand one at Derby, are eminent proofs of the abridgment of that species of labor. And some attempts have been lately made towards the cotton and linen manufactures by means of certain engines.

"In regard to the other part of the query, viz.—What is the consequence of this abridgment of labor, both regarding the price of goods and the number of persons employed?—the answer is very short and full, viz.: That the price of goods is thereby prodigiously lowered from what it otherwise must have been, and that a much greater number of hands are employed. The first of these is a position universally assented to; but the other, though nothing more than a corollary of the former, is looked upon by the majority of mankind, and even by some persons of great name and character, as a monstrous paradox. We must, therefore, endeavor to clear away these prejudices step by step. And the first step is that cheapness, *ceteris paribus,* is an inducement to buy, and that many buyers cause a great demand, and that a great demand brings on a great consumption, which great consumption must necessarily employ a vast variety of hands, whether the original material is considered, or the number and repair of machines, or the materials out of which those machines are made, or the persons necessarily employed in tending upon and conducting them, not to mention those branches of the manufacture, package, porterage, stationery articles and bookkeeping, &c., &c., which must inevitably be performed by human labor. But to come to

some determinate and striking instance, let us take the plow, the harrow, the cart, the instruments for threshing and winnowing, and the mills for grinding and bolting, as so many machines for abridging labor in the process of making bread. I ask, do these machines prevent or create employment for the people? And would there have been as many persons occupied in raising of corn and making of bread if no such engines had been discovered? The obvious reply to this query is that probably the wheaten loaf had been confined to one or two families in a state, who, on account of their superior rank and vast revenues, could have afforded to give an extravagant price for this delicious morsel. But it is impossible that under such circumstances it ever could have become the common food of the kingdom. And the same remark would hold good were it to be applied to the art of printing, and to the numbers of people from first to last therein employed. For printing is nothing more than a machine to abridge labor and reduce the price of writing. But examples are endless, and surely enough has been said to convince any reasonable man—though even the great author of *L'Esprit de Loix* should once be of a different mind—that the system of machines, which so greatly reduces the price of labor as to enable the generality of a people to become purchasers of the goods, will in the end, though not immediately, employ more hands in the manufacture than could possibly have found employment had no such machines been invented. And every manufacturing place, when duly considered, is an evidence in this point." [1]

[1] *Instruct. for Trav.*, pp. 20 to 22.

CHAPTER V

COMMERCE

THE next chapter of the great work continues the analysis of the broadly defined subject of manufactures. Intra-national trade having been treated, international trade is next considered. To it the freedom of trade thesis is applied. The dean-philosopher appears and calling up his fundamental principle that religion, government and commerce are in essential harmony, he argues that a truth of religion is therefore applicable to commerce. He proceeds to apply the golden rule to commerce

"And then monopolies would immediately be at an end; a general encouragement would be given to the diligent and industrious of all professions; a general emulation would excite their genius and improve their abilities; and every man would find his own account in doing to his neighbor as he wishes to be done to himself." [1]

Like many other passages in Tucker's works, this one may be interpreted to indicate that he championed free trade in the full present day signification of the phrase. But freedom of trade, when applied to commerce between nations, means to him just what it means to him when applied to inland commerce, i. e. that individuals or corporations shall not be given exclusive charters—this and no more. The injunction

[1] *Seventeen Sermons*, pp. 140–141.

"give universal freedom to trade, and do not confine it by gilds, or companies, or corporations, or fetters of any kind,"[1]

is fairly typical of his thought. In harmony with his whole writing, with his evident intent as judged by contexts, it must be interpreted to mean simply that the conditions of the trade, so far as the government is concerned, are the same for all who desire to engage in it. In other words, Tucker does not advocate complete trade freedom. He is a believer in bounties and in duties as will be clearly shown later. It seems difficult to understand how one who is so truly cosmopolitan in the spirit of much of his writing, who states so forcefully the many advantages of exchange between nations, who condemns trade jealousy and war for trade's sake in unsparing terms, who claims to be a foe to all monopoly, who makes out so overwhelming a case against the British exclusive companies for foreign trade, who eulogizes the duty-destroying career of minister Walpole, who proclaims the advantages of trade, untrammelled by customs or duties of any kind, between England and Ireland, and who several times asserts the perfect parallel of intra-national and international trade—it is difficult to understand how such a man failed to follow his thought to the conclusion that should make him an advocate of complete freedom of trade between nations. But he does fail. There are more than glimpses of this full trade freedom in his writings, sometimes a phrase or a sentence seems to state it, but the context invariably shows that the writer pleads only for an abolition of special, chartered, privileges to individuals or to companies. *General* interference, by the government offering bounties to all who care to enter a given industry or levying duties upon all imported goods, whoever may be the importer, finds a staunch supporter in

[1] *Gent's Mag.*, vol. l, pp. 132–133.

Tucker. In short, as will be shown farther on in this chapter, he lacks little of being a full-blooded mercantilist.

It is in place to call attention to the type of statement in Tucker's writings which seems to declare complete freedom of trade but which, interpreted by the spirit of the whole passage in which it occurs, clearly means no more than opposition to exclusive privileges:

"All merchandise should be free and open; . . . no impediments should lie in the way of commerce, but everything be calculated to promote and extend it." [1] "All trade ought to be laid free and open, in order to induce the exporters to rival each other, that the public may obtain the general good of their competitorship." [2] He hopes that "the time will come when English trade is entirely free from shackles of all kinds." [3]

In each of these cases the context unmistakably points opposition to special privileges in trade, and to this only.

Some passages showing that Tucker was far on the way of arriving at the full freedom of trade thought are:

(1) He pays a glowing tribute to Sir Robert Walpole declaring that

"his plan of commerce was manly and rational; that his endeavors to prevent an infatuated people from quarrelling with their best customers were truly patriotical. . . . He did more for general trade promotion than any other minister of the world, not forgetting the Sullys, Colberts, and Fleurys of France." [4]

(2) He condemns the Navigation Act, as has been shown

[1] *Lett. on Naturalization*, Mss. p. 8.

[2] *Essay on Trade, 3rd ed.*, p. 82.

[3] *Appendix to Turkey Trade*, p. 26.

[4] *Four Tracts*, p. 79.

in presenting his thought upon monopolies, and argues that

"it is highly absurd to prefer the interest of the single waggoner [1] to that of the whole community. . . . Confining the freight of goods to one set of waggoners is evidently a monopoly," [2] and therefore objectionable. Great Britain should rather trust competition between seamen, and there will be an adequate and acceptable supply of vessels.

(3) Most striking of all of Tucker's passages, which seem to lead directly to full free trade, are those with reference to the trade relations between England and Ireland:

"It is since the year 1759 that we have repealed that very injudicious tax, which discouraged, and in a manner prohibited, the importation of butter, tallow, lard, and other articles of like sort, from Ireland into Great Britain. . . . Since a permanent repeal, . . . the mutual intercourse of England and Ireland hath prodigiously increased; and, of course, our shipping and navigation have greatly increased likewise." [3]

"The present clamors for protective duties and prohibitory laws would cease (another good circumstance)—clamors which betray a total ignorance of the true interest of that country, because Ireland ought always to excite an emulation, among her mechanics and manufacturers, to excel her rivals, instead of checking and preventing it by monopolies, pains and penalties. . . . Each county and each part of the island must enjoy their own peculiar advantages, natural or artificial, without let or molestation. At this instant, Yorkshire is getting the clothing trade from the west of England by means of its superior frugality, economy, mechanic skill and industry. . . . The west must adopt the like measures, and police with the

[1] Tucker illustrated with land carriage by wagons and applied the conclusion to vessels as "sea-waggons."

[2] *Present Posture—Further Thoughts.*

[3] *State of the Nation.*

north, or deservedly suffer for their folly. . . . And above all, Ireland should never use such a conduct towards other nations, especially towards the English . . . as would provoke them to retaliate the injury upon herself with redoubled vengeance." [1]

It is something of a mystery how a keen and logical mind, prone to bold generalizations, could write these lines and yet embrace mercantilism. Perhaps being a citizen of outport Bristol, Tucker through his patriotic efforts to break down the exclusive chartered privileges of London companies was led unconsciously to expend all of his energy in emphasizing but half of the truth. Or, it is barely possible that the above statement represented his changed view, late in his life. *Union and Separation,* in which this passage occurs, was written in 1785. It is conceivable that Tucker may have read the *Wealth of Nations* and may have been converted to a belief in full freedom of trade. But the facts (1) that he was at this time seventy-two years of age, an age at which few men change creeds, and (2) that he had worked out the mercantilist thoughts satisfactorily to himself and had championed it for more than thirty years, make this hypothesis very improbable, as well as the farther fact that he has nowhere, in publication or in letters, indicated that he had read, or had even heard of, the *Wealth of Nations.*

But if Tucker did not go the full length that his thought seemed to lead him, he was forceful and aggressive in presenting and applying the truth which he did see. His endeavor in the *Elements* chapter on *Foreign Trade* is expended in demonstrating the

" right notion of national industry and riches, and in confut-

[1] *Union or Separation,* pp. 18 and 19.

ing the popular errors concerning the balance of trade and the nature of money." [1]

He concentrates his attacks upon the chartered companies and is a powerful and persistent pleader against their special privileges. His plea is given especial force by the fact that his judgment is not a sweeping *a priori* one but is delivered against the existent companies and for particular reasons. He takes up the argument he had begun against these companies in his *Essay on Trade*. In that *Essay*, with an impartiality and breadth of view, well illustrative of his historical sense, he does not for all time and all places condemn exclusive trade companies but he allows

"that in certain cases, and at certain junctures, exclusive companies might have been a prudent institution, calculated for the public good, as: (1) To intruduce arts, sciences and manufactures among a barbarous people, *e. g.*, the Czar of Muscovy . . . gives such extraordinary privileges . . . to overbalance the temptation of self-interest for residing elsewhere. (2) To induce skillful artisans to come and instruct an ignorant people, *e. g.*, England granted so many privileges and exemptions to Flemish and other foreign manufacturers 200 years ago. (3) To conquer deep-rooted laziness of people, ... bringing an example of industry before them, *e. g.*, the Spanish court is now desirous to bring foreign manufacturers to Spain. (4) In order to have large capital to embark a hazardous undertaking calling for great sums. (5) When the government credit is not good—may incorporate a body from which to borrow money." [2]

But while he thus recognizes the possible good reasons for exclusive companies he cautions that

[1] *Elements*, p. 93.

[2] *Essay on Trade, 3rd edition*, pp. 66–68.

"In the course of time the reasons for continuing them cease, and the trade should be laid open."[1] "The establishment of exclusive companies, . . . be the motive what it will, . . . may be compared to the hedgehog in the fable, . . . a most humble petitioner for a night's lodging, but once in possession, sets up bristles, and too strong to be removed."[2]

He notes that these companies always have special "pretenses" to offer in justification of a retention of their privileges. These pretenses he considers *seriatim*. (1) To the pleas that these companies maintain forts necessary for trading in foreign lands he replies, that either forts are unnecessary altogether, or that wherever really necessary, since the consumers of company goods pay for them anyway, the nation had better erect and man the forts, guaranteeing protection to any of her citizens, desirous of trading with the foreign people.[3] (2) He freely condemns the companies when they plead that they are enabled to sell British goods dearly and to buy foreign wares cheaply. His reply is that more British goods would find market if sold more cheaply, and that the fact that companies purchased foreign goods cheaply was no guarantee that they would sell them cheaply in Great Britain. (3) He points out the error of the argument for prevention of bullion export. (4) He regards the maintenance of state and of strength unnecessary, citing successful trade with China, etc., without this. (5) To the claim that exclusive companies must be right because all nations have them, and what is universal is reasonable, he replies, that according to this there could be no progress

[1] *Essay on Trade, 3rd ed.*, pp. 66–68.

[2] *Elements*, p. 110.

[3] The full argument here briefly summarized is in *Elements*, pp. 94–113.

and that a study of the origins of the companies will amply disprove this claim.

He then enters upon a consideration of the British exclusive companies actually engaged in trade at that time. These companies appear to him to be relics of Gothic despotism in government:

"We still want that glorious revolution in the commercial system which we have happily obtained in the political. Then, indeed, and not till then, may we be said to have abolished all the remains of ancient despotic power and Gothic barbarity. For as long as these charters and exclusive companies remain, we bear about us the marks of our former slavery." [1]

The companies he particularly opposes are the Turkey Trade Company,[2] the Hudson's Bay Company,[3] and the East India Company.[4] The arguments against these three companies are extensive and exhaustive, and no brief summary can do them any justice. The trend and flavor of the extended treatment may, however, be suggested by citing some characteristic passages.

He begins the attack upon these companies in his *Essay on Trade*. A single paragraph of this early and bold assault upon huge, established monopolies conveys its spirit and illustrates its power and its comprehensiveness:

"Our monopolies, public companies, and corporate charters are the bane and destruction of free trade. By the charter of the East India Company, at least 9,999 British subjects out of 10,000, without having committed any fault to deserve such a

[1] *Elements*, pp. 88–89.

[2] *Ibid.*, pp. 113–119, for extended argument.

[3] *Ibid.*, pp. 120–132.

[4] *Ibid.*, pp. 132–133. He calls the East India Company "the most unwieldly monster of them all."

punishment, are excluded from trading anywhere beyond the Cape of Good Hope. By the charter of the Turkey Company, a like or greater number are excluded from having any commerce with the whole Turkish empire. The Hudson Bay Company engrosses all the fur trade with the Indians in an extent of country almost as large as half of Europe. Thus the interest of 9,999 fellow-subjects is sacrificed in so many respects for the sake of a single one. The whole nation suffers in its commerce, and is debarred from trading to more than three-fourths of the globe, to enrich a few rapacious directors. . . . . And as to corporate charters and companies of trade, they are likewise so many monopolies in the places to which they belong, to the great detriment of national commerce." [1]

This paragraph simply outlines his field of operations against the chartered companies. He deals with them in great detail. Nearly a hundred pages of this same *Essay* [2] are devoted to an argument against the Hudson's Bay Company, in which every plea of that company is analyzed and refuted and a long list of well sustained charges is brought against it. Two editions of the tract [3] on the trade to Turkey denounce the privileges granted to the Turkey company. In the *Elements* he returns to the attack upon both of these companies and adds a stinging paragraph against the East India Company. In opening this argument he thus characterizes the oppressive practices of these companies:

"Introduced in the ages of ignorance, tyranny and barbarity, and settled by long custom, covered with the sacred dust

[1] *Essay on Trade*, p. 45.

[2] *3rd edition*, 1753.

[3] Postlethwayt in his *Universal Dictionary of Trade and Commerce*, 2nd Ed. (1757), selected this tract of Tucker's as the best representative of what had been argumentatively urged for opening the Turkey trade and abstracted it. See vol. ii, pp. 384–86.

of time, a multitude of arguments have been coined to gloss over these practices." [1]

Tucker rounds off the argument refuting the company pretenses of right and reasons, by tracing the history of monopoly in England from the days of Elizabeth. He quotes [2] Townshend's *Historical Collections* to show the prevalence and despotism of monopolies under the good Queen Bess and cities at length [3] the report made in the 3d of James I by Sir Edward Sandys against the vicious monopolies of the day. The conclusion he draws from this historical review is that

"Every plea, pretense, or apology urged at this day in defense of these things, is nothing else but a nauseous repetition of the same idle, canting story which hath been confuted a thousand times over." [4]

His appeals against these intrenched companies are often artfully made. The following, for example, is a skillful description of the immortal tactics of legislatively privileged classes:

"Whenever an attempt hath been made to free the nation from this destructive and impolitic restraint, great is the cry of Demetrius and his craftsmen: 'Sirs, this is the artifice by which we have our wealth; by which we are freed from disagreeable rivals and competitors, and can secure the trade of the kingdom to ourselves, and put what price we please on our commodities. But, as this is not proper to be publicly avowed, therefore let us apply to the passions and foibles of our coun-

[1] *Elements*, p. 82.
[2] *Ibid.*, pp. 137 sqq.
[3] *Ibid.*, pp. 154 sqq.
[4] *Ibid.*, p. 167.

trymen, and harangue upon such popular topics as may keep them still in the dark. For, if they were to know the true state of the case, how soon would all our schemes be rendered abortive? And how quickly would the popular odium fall upon ourselves?" [1]

Tucker has full hope that a new era will come when special trading privileges will be abolished and this hope he voices thus:

"Mankind begin to see more and more into the base and slavish original and present iniquitous chicane of all exclusive charters; nor will they be led blindfolded much longer by those whose interest it is to deceive them." [2]

A leading thought running through this entire discussion is that trade supremacy comes to that nation which can sell the best goods for the least money. This is an idea which he emphasizes many times in his works. The whole of *Tract II* is devoted to an argument to prove, contrary to a popular notion, championed even by historian Hume,[3] that a rich nation can undersell a poor one. A strong statement for the need of good, cheap goods to the nation that would win world-trade appears in his letters addressed to M. Necker. He says that there is only one of three things which can be done in competition with France:

"(1) Knock all Frenchmen on the head wherever met with, because of their unpardonable crime of making goods cheaper than the English. (2) Knock all customers on the head,

[1] *Letter upon Naturalization*, Mss. p. 7.

[2] *Appendix to Turkey Trade*, p. 32.

[3] This tract was the result of a correspondence with Hume in 1758. Tucker claimed Hume as a convert to his view on this subject. See *Preface* to *Four Tracts*.

native or foreign, who dare to buy such goods instead of purchasing at the English shops. (3) Make goods better and sell them cheaper, as a means of attracting the general course of trade to ourselves, without doing violence to our neighbors." [1]

He suggests that the first two are immoral and dangerous and that the third only is left as the rational choice for the "shopkeeping nation" Great Britain.

The topics, suggested by the outline above given and broadly enough treated in Tucker's works to deserve especial presentation in connection with foreign trade are: I. The philosophy of exchange; II. Trade jealousy between nations; III. Mercantilism; IV. Bounties; V. Colonies and VI. Statistics.

I. Philosophy of Exchange

Tucker develops a complete philosophy of exchange. He observes that different peoples have aptitudes for different kinds of production and that they are environed by differing resources, the two factors which make for specialization in production. He observes also the factor which makes for universality in consumption, viz., the wide range of human wants. These three facts indicate to him that the world-plan demands an exchange of products. He thus sees accurately that exchange alone solves the contradiction between universal wants and endowments for specialized production. The passage which most clearly and fully presents these thoughts is in the second of the *Four Tracts*. In part it reads:

"In the natural world our bountiful Creator hath formed different soils and appointed different climates, whereby the inhabitants of different countries may supply each other with

[1] *Cui Bono*, p. 35.

their respective fruits and products, so that by exciting a reciprocal industry they may carry on an intercourse mutually beneficial and universally benevolent. Nay more, even where there is no remarkable difference of soil or of climate, we find a great difference of talents, and, if I may be allowed the expression, a wonderful variety of strata in the human mind. . . . Moreover, the instinct of curiosity and the thirst for novelty, which are so universally implanted in human nature, whereby the various nations and different peoples so ardently wish to be customers to each other, is another proof that the curious manufactures of one nation will never want a vent among the richer inhabitants of another, provided they are reasonably cheap and good." [1]

II. Jealousy of Trade

The second of these special topics is jealousy of trade between nations.

Tucker was a citizen of the world as he consciously strove[2] to be. He was truly cosmopolitan in his views upon commerce. His religious thought was, in part, responsible for this, or at least, it supported him in this attitude. Witness his words:

"But surely the benign Saviour of all mankind hath nowhere enjoined that any person, because he happened to be born on one side of a river, a mountain, or an arm of the sea, should not freely negotiate business or purchase a piece of land on the other. . . . Have we not all one Father?" &c.[3]

[1] *Four Tracts*, pp. 75 to 78. Similar passages in *Ibid.*, pp. 50–51, and in *Essay on Trade*, p. v and vi.

[2] See quotation from *Cui Bono*, in chapter on *Life*, etc.

[3] This is from a note, in Tucker's handwriting, upon the margin of the Mss. of the *Letter on Naturalization* (p. 11) in the British Museum Library. See *Mss.* number 4207, 2.

His application of religious thought to politics and to commerce, his cosmopolitanism and his hatred of war are all in evidence in a striking passage condemning that spirit of bellicose patriotism so characteristic of the nation-building era and not altogether extinct to-day:

"The love of country hath no place in the catalogue of Christian virtues. The love of country is, in fact, a local affection and a partial attachment; but the Christian covenant is general, comprehending all mankind within its embraces. Judge, therefore, with what propriety such a narrow, contracted passion can have any place in the diffusive, benevolent scheme of Christianity—a passion, however glittering and glorious in appearance, which hath been productive of more injustice, barbarity and bloodshed in the world than any other disgrace of human nature—a passion, in short, fit only for the enthusiastic rage of an old Roman robber, when cruelly exulting over the unhappy victims of his lust of power and dominion—but altogether unworthy of the breast of a Christian, who is commanded to regard all mankind not only as his countrymen, but as his brethren, doing to others as he would be done by, and helping and assisting even his enemies in distress. Indeed, so far as the love of country means no more than a principle of self-defense against invaders, so far it is justifiable, and so far hath Christianity provided for due exertion of it, by inculcating obedience to the respective powers set over us. But as to the ideas of honor, and glory, and conquest, and dominion, and the other fine things usually implied in the love of country, they are so foreign to the Christian plan that in this sense the love of country neither is, nor ought to be, a part of the Christian scheme of universal love and benevolence. And let the infidels make what uses they please of the concession." [1]

Tucker's cosmopolitan spirit is clearly shown by his op-

[1] *Seventeen Sermons*, pp. 285–286.

position to the current jealousy of trade, especially, that jealousy existing between Great Britain and France. He condemns absolutely "going to war for the sake of trade." [1] His position with reference to trade-jealousy and to the effects of war upon commerce is thus stated:

"But is this spell, this witchcraft of the jealousy of trade, never to be dissolved? And are there no hopes that mankind will recover their senses as to these things? For of all absurdities, that of going to war for the sake of getting trade is the most absurd, . . . so extravagantly foolish." [2]

He holds that "no trading nation can ever be ruined but by itself, by decline of industry." [3]

The thought that had so long been a foundation of a widely prevailing system of trade philosophy he distinctly repudiates. "That one nation can thrive only by the downfall of another, cannot grow rich but by impoverishing another" [4] he classes with illusions. On the contrary, he believes that since nations are mutual customers, they must share in each other's prosperity or decline:

"But to excite that man, whom perhaps they have long called their enemy, to greater industry and sobriety, to consider him a customer to them, and themselves as customers to him, so that the richer both are, the better it may be for each other; and, in short, to promote a mutual trade to mutual benefit; this is a kind of reasoning as unintelligible to their comprehensions as the antipodes themselves." [5]

[1] This is the title and opposition to it, the theme, of *Tract II* of the *Four Tracts*.

[2] *Four Tracts*, p. 82.

[3] *Ibid.*, p. 42.

[4] *Ibid.*, p. 61.

[5] *Ibid.*, p. 97.

OF CALIFORNIA

Again:

"A private shopkeeper would certainly wish that his customers did improve in their circumstances rather than go behind hand, because every such improvement would probably redound to his advantage. Where, then, can be the wisdom of the public shopkeeper, a trading people, to endeavor to make the neighboring states and nations that are his customers so very poor as not to be able to trade with him? . . . The only possible means of preventing a rival nation from running away with your trade, is to prevent your own people from being more idle and vicious than they are; and by inspiring them with the opposite good qualities." [1]

The gains to come from open international trade appear to him as natural and as certain as those coming from intranational trade. This argument for the promotion of peaceful commerce between the nations he several times enforces. For example:

"If mankind would but open their eyes, they would plainly see that there is no one argument for inducing different nations to fight for the sake of trade but which would equally oblige every county, town and village—nay, and every shop, among ourselves—to be engaged in civil and intestine wars for the same end. Nor, on the contrary, is there any motive of interest or advantage that can be urged for restraining the parts of the same government from these uncertain and foolish contests but which would conclude equally strong against separate and independent nations making war with each other on like pretexts." [2]

Especially does he oppose the traditional trade jealousy between Great Britain and France. He argues that it is the true interest of Great Britain

[1] *Four Tracts*, p. 97.

[2] *Ibid.*, p. 77. A similar passage, *Ibid.*, p. 62.

"to promote the prosperity of France by all just and honorable means. . . . If France should grow poorer, she must be so much the worse customer of England. If richer, probably so much the better. This is so plain a case that one would think national prejudice itself could not be able to prevent such an evident truth from being universally acknowledged." [1]

Tucker was particularly opposed to war as an alleged means of enlarging trade. His opposition was accentuated by the losses to trade and the resulting general business depression in Bristol [2] during the seven years' war. This was another object lesson from his Bristol environment. Idle ships and standstill trade taught him very effectively that war causes economic loss.

He recognized Great Britain as a trading nation and lamented throughout the whole of his author life, the persistently belligerent attitude of her people. Speaking in this vein he says to the British:

"It is our misfortune to aim at things which are incompatible. Unhappily for us, we are continually wishing to be a nation of heroes and a nation of traders and mechanics at the same time. We expect to give laws to all the world, especially at sea, and yet to be considered by this world as a quiet, harmless, unoffending people. . . . . The honors of war and the sweets of peace, the glories of conquests and the rewards of industry, the dissipation of a vast, scattered and unwieldy empire and the economy of a moderate compact state, cannot

[1] *Cui Bono*, p. 46.

[2] Writing to Dr. Forster, May 19, 1756, he says, "Our ships are still tied up in the key, which at this season of the year used to be prosecuting their voyage, and almost every branch of trade is at a stand." See *Forster Mss.* Brit. Museum. Similar thoughts are expressed in letters to Dr. Birch written Nov. 30, 1756, and Nov. 2, 1761. See *Birch Mss.* Brit. Mus.

be made to unite together." [1] There is "something ridiculous in the farce that a shopkeeper should bully his customers to compel them to deal with him against their interests." [2]

When Rome was lauded as a world-conquerer, worthy of Britain's imitation, Tucker's reply was:

" . . . Romans were not so mad as to fight for trade. They fought only for conquest and dominion, which may be acquired by fighting. But to fight for the sake of procuring trade is a species of madness reserved only for Britons." [3]

And the result of Rome's centuries of conquest was that her soldier-citizens came to look upon honest industry and trade as degrading and with the exception of a "haughty rich few" [4] they became "illustrious brother beggars." [4] The lesson of history, as Tucker interprets its message, relative to war for trade's sake is, that "victors in vanquishing others only prepare a more magnificent tomb for their own interment." [5] "There is nothing to be gained by war that could not better be accomplished by peace." [6]

Tucker thinks that the very classes of men who favor war are a standing warning against entering upon it for the sake of commerce. He cites as war advocates [7] (1) Mock patriots, desirous of plunging the ruling ministry, which they oppose, into a costly war (2) The "hungry pamphleteer who

[1] *Proposals for General Pacification*, *Gent's Mag.*, vol. 1, p. 222.

[2] *Treatise on Gov't*, p. 233.

[3] *Four Tracts*, pp. 70–71. *Cf.* "Rome's trade was to wage war with the world." See *Invasions and Subsidies*, p. 21.

[4] *Ibid.*, pp. 72–73.

[5] *Ibid.*, p. 75.

[6] *Ibid.*, p. 83.

[7] *Ibid.*, pp. 83–95, give these classes and comment upon them.

writes for bread—a jackall to the patriot-lion" (3) the gambler of change-alley. (4) Newswriters—"a fourth species of fire brands . . . . This country is news-mad and news-ridden now." (5) Jobbers, contractors, paymasters etc., in army employ; (6) Some traders who reap individual advantage from public calamity (7) Land and sea officers. War "is their business and their promotions come so."

Tract II closes with expressed fear in his day of "the mob, the bloodthirsty mob, no arguments and no demonstrations whatever can persuade them to withdraw their veneration from their grim idol, the god of slaughter;" but there is hope in posterity:

"A few may yield to these arguments, their numbers may increase, and possibly at last the tide may turn so that our posterity may regard the present madness of going to war for the sake of trade, riches and dominion with the same eye of astonishment and pity that we do the madness of our forefathers in fighting under the banner of the peaceful cross to recover the Holy Land." [1]

III. Mercantilism

The third topic worthy of particular consideration under foreign trade is mercantilism.

Tucker is a neo-mercantilist. He agrees, in very large measure, with the mercantile thought. In four points he is at variance with the simon-pure early tenents of this system of thought: (1) He is quite clear upon the difference between heaps of gold and national riches. (2) As a corollary to the proposition that bullion is not riches, he condemns prohibitions of precious-metal exports. (3) He distinguishes between a trade balance which is acceptable to an

[1] *Four Tracts*, p. 97.

individual merchant and one which is acceptable to a nation. (4) He takes issue with an underlying principle of old-line mercantilism, viz., that in exchange what one party gains another must lose. In all other points he accepts the tradition of the mercantile fathers. He insists that encouragement should be given by a nation to the export of its manufactured goods and to imports of raw materials and food supplies. He favors duties upon the import of foreign manufactures and upon the export of raw materials. He emphasizes the importance of manufactures, and advises discouragement of any export until the commodity is in its ripest condition, fully prepared for the final consumer. And although he ridicules the idea that gold is, in itself, riches, he still affirms that the ultimate goal of national trade is to secure a balance in gold and silver.

Evidence to show that Tucker was a mercantilist will first be presented, and then the evidence that he took issue with mercantilism in some points will be given.

a. TUCKER A MERCANTILIST

To present first his credentials as one of the mercantilist persuasion—a single selection eptomizes the ideas to be found in many of his writings. He gives a criterion for testing whether taxes are properly applied to goods entering or departing from the kingdom in this passage:

"Let him suppose the state to be a living personage, standing on the key of some great seaport and examining goods as loading or unloading. In the former case, if the goods to be exported are completely manufactured, having undergone the full industry and labor of his own people, he ought to lay no embargo whatever upon them, but to show exporters all the favor he can and to protect them in that good work. Whereas, if the goods are only manufactured in part, or, what is worse

still, if they are absolutely raw materials, he should lay such taxes upon them to check and discourage their going out of the kingdom in that condition as may be proportionate to their unmanufactured or raw-material state. That is, if they are absolutely raw materials, they ought to have the highest tax laid upon them, and, in some cases, even such as may amount to a prohibition. But if they are partly manufactured and partly otherwise, the tax should be lessened in proportion as they recede from the state of raw materials and approach to complete manufactures. In regard to goods imported, his conduct ought to be just the very reverse of the former; that is, he ought to lay the highest and most discouraging taxes upon foreign complete manufactures, in order to prevent their being worn or used in his kingdom, a less discouraging upon others that are incomplete, and still less upon those that are but little removed from the raw-material state. As to raw materials themselves, they ought to be admitted into every port of the kingdom duty-free, unless there are some very peculiar circumstances to create an exception to this general rule. Now, the grounds or foundation of all this reasoning is national industry and labor, because these are the only riches of a kingdom." [1]

The mercantilist plan for customs-duties could scarcely be more plainly stated than it is here stated. It is of interest to find that, applying the above tests to the British custom-laws of that year of grace 1757, Tucker found but five taxes which he pronounced "strictly bad," viz., the duties upon imported salt, coals, soap and candles, leather and coarse olive oil. And he comments:

[1] *Instructions for Trav.*, pp. 38–39. In *2nd Lett. on Naturalization*, p. 13, Tucker condemns the policy of the kings before the Revolution because they (1) chartered privileged companies; (2) taxed home manufactures; (3) admitted foreign manufactures freely or at low duties; (4) taxed imported raw materials; (5) had no special care for manufactures; (6) granted no drawbacks on re-exported goods.

"And having thus finished the present examination, it may not be improper to add, for the credit of our country and praise of the legislature, that, upon the most impartial survey, there seem to be only these five taxes of any consequence which can strictly be denominated bad." [1]

That Tucker includes articles of food under his list of free imports is shown by this sentence:

"Rice is free now and should be, for it is a raw material and an article of food, and it ought never to have been taxed." [2]

Once only, and that in his earliest economic work, Tucker states, as his ultimate thought, the ultra-mercantilist balance of trade view:

"The science of gainful commerce consists ultimately [3] . . . in procuring a balance of gold and silver to ourselves from other nations." [4]

He does not repeat this proposition, but, on the other hand, he nowhere later either retracts or refutes it, and it therefore commits him to the mercantilist doctrine as to balance of trade.

This completes the mercantilist creed. The more extended statement given above is from the last important work written during Tucker's economic decade. It, therefore fairly represents his matured view, and should overrule any incidental remarks he may have elsewhere offered.

[1] *Instructions for Trav.*, p. 41.

[2] *Humble Address, etc.*, p. 58.

[3] Tucker makes it clear here that he means that all the trade with all the nations must be accounted, *e. g.*, India and the Baltic nations have a trade balance always against England, but England re-exports their goods.

[4] *Essay on Trade*, p. vi.

Some passages, as has been mentioned in treating of freedom of trade, are susceptible of interpretation as advocating full freedom of trade, but in the presence of the above given clear confession of faith, there seems to be no doubt that Tucker is to be classified as a mercantilist.

b. TUCKER A NEO-MERCANTILIST

Tucker is a neo-mercantilist in the sense that he takes issue with old-line mercantilism in some points: (1) He does not deify the precious metals; (2) he favors the seed-time-and-harvest export of gold and silver bullion; (3) he does not identify the nation's and the merchant's ledger balance; (4) he does not advocate annihilation of commercial rivals.

(1) In regard to gold and silver, he says:

"Heaps of gold and silver are not the riches of a nation. Gold and silver got in the ways of idleness will prove to be destructive likewise; it is wealth in appearance, but poverty in reality. Gold and silver got by industry and spent in idleness will prove to be destructive likewise. But gold and silver acquired by general industry, and used with sobriety and according to good morals, will promote still greater industry. . . . An augmentation of money by such means as decrease industry is a national curse, not a national blessing. . . ."[1] Again: "The capital mistake that money is riches, is the basis of all."[2] . . . "Industry and labor are the only real riches, money being merely the ticket or sign belonging to them. . . . If Great Britain hath industry and another country money, the industry of the one will soon extract the money of the other, in spite of every law, penalty and prohibition that can be

[1] *Four Tracts*, pp. 43-44. This will be recognized as an application of one of his theory-of-prosperity principles.

[2] *Elements*, p. 162.

framed. . . . Suppose a country, separated from all the world, and yet abounding in . . . gold and silver, and the inhabitants of it (may be) much poorer than the poorest beggar in our streets. . . . Suppose that the inhabitants are . . . industrious: . . . let us suppose that all the gold and silver was annihilated in one night, and what would be the consequences but plainly this, that the inhabitants would then devise some ticket or counter for the exchange of mutual industry." [1]

(2) Tucker's opposition to prohibition of precious metal exports is thus stated:

"The continuance of the prohibition against the exporting coin or bullion is another absurdity and tyrannical imposition. It is an absurdity because the chief call for money in Turkey, according to the Company's own account, is to purchase raw silk and mohair yarn. Judge, therefore, which deserves the preference among a manufacturing nation, a lump of gold or silver, or a bale of merchandise. . . ." [2] "If the bullion is carried out to purchase raw materials for the employment of our people, the trade is good and beneficial to the state." [3]

These pleas for freedom of bullion export are strongly mercantilistic, since they are made on the ground that the bullion brings back the raw material, and thus affords the glorious opportunity for the British, by hard labor, to work this raw material up into a finished product and export it for more raw material and a further opportunity to labor, and so on. The "ultimate" balance of trade looms up back of all this.

[1] *Elements*, pp. 99 and 100. Similar statements are in *Elements*, p. 103, *Invasions, Subsidies, etc.*, pp. 38–46, *Union and Separation*, pp. 20 and 21. Spain is cited here as a decadent nation whose decadence is due to heaps of gold and silver which begot idleness.

[2] *Elements*, pp. 118–119.

[3] *Ibid.*, p. 99.

(3) Tucker's leading caution, with reference to the balance of trade, is that the national balance of trade and the merchant's balance of trade are not the same:

"The business of the merchant is to get as large (profits) as he can upon small exports, . . . but the interest of the nation is to promote general industry and labor at home; which consists in exporting the greatest quantities at the smallest profits. . . . The views of the merchants are merely and solely for money. If he can get this by employing the fewest hands, he thinks it so much the better; whereas the views of the nation should be wholly and solely to promote industry, and then national industry will always command as much cash and credit as are wanted." [1]

(4) Tucker is positive upon the proposition that rival nations may both gain by their exchanges. He says:

"We may lay it down as a universal rule, subject to very few exceptions, that an industrious nation can never be hurt by the increasing industry of its neighbors. . . . All people . . . have a strong bias towards the produce and manufactures of others, so it follows that . . . the respective industry of nation and nation enables them to be so much the better customers, to improve in friendly intercourse, and to be a mutual benefit to each other. . . . Where can be the wisdom in the public shopkeeper, a trading people, to endeavor to make the neighboring states and nations that are his customers so very poor as not to be able to trade with him?" [2]

[1] *Elements*, p. 162. A similar distinction is made in *Four Tracts*, p. 44.

[2] *Four Tracts*, p. 43. In *Ibid.*, pp. 61 and 62, Tucker develops the thought that as neighboring towns or districts wish each other to thrive so should neighboring states. In *Cui Bono*, pp. 58 to 62, he applies this thought particularly to England and France.

IV. Bounties

The fourth important topic relating to foreign trade is bounties.

Tucked considers Great Britain the habitat of the bounty; "more [1] (bounties, premiums and drawbacks) being introduced into our commercial system, within these sixty years, than are to be met with in all Europe beside." He classifies these as of two sorts, the first used to promote the export of manufactures, and the second to promote the import of raw materials. He defines and distinguishes between the bounty and the drawback:

"The one being a sum actually given or paid by the people in general to particular exporters; the other being no more than a return of that tax or duty upon exportation, which was, or would have been levied upon the goods if used for home consumption." [2]

The nature and use of the bounty is well developed by him. He recognizes

"Four ways of turning trade into new channels and stopping up the old one: (1) Laying additional duties on the commerce of one country and not of the other . . . to be used with wari-

[1] Tucker catalogues these thus: "Commodities entitled to bounty now are corn, spirits distilled from corn, fish and flesh, gunpowder, coarse linens, sail cloth and some sorts of silk manufacture and a peculiar case of bounty on tonnage of ships in the Royal British and Greenland fisheries. Commodities entitled to drawbacks are refined sugars, soap, candles, starch, leather, leather manufactures, paper, ale, mum, cider, perry, spiritous liquors, wrought plate, gold and silver lace, glass, foreign silks, calicoes, linens and stuffs, if printed, painted, stained or dyed in Great Britain. Bounty on raw materials from Colonies are pitch, tar, turpentine, naval stores and indigo." *Instruct. for Trav.*, p. 33.

[2] *Instruct. for Trav.*, p. 33.

ness . . . every such additional duty put upon the commodities of a foreign country will be looked upon by that country as an act of hostility committed upon its trade . . . which it will be sure to revenge . . . incline the scale gradually . . . violently high duties and the favored country . . . not ready for a time to supply the increase wanted. (2) More commodious and less exceptionable way . . . to grant certain privileges and exemptions . . . which shall continue until . . . the merchant can find it worth his while to engage in it without being paid at the public expense. (3) Bounty upon importation. (4) Personal premium to the merchants importing most and best." [1]

The changed trade-channel referred to here is evidently in an import class of goods. It is to be noted that Tucker here expressly prefers "special privileges and exceptions" to duties as a means of obtaining the desired end. Elsewhere he as expressly prefers bounties to chartered privileges. In connection with his statement of this last mentioned preference he completes his analysis of the bounty by recognizing that it is a burden upon society, endured for the sake of expected future gain from the stimulated industry. In this passage he argues that if private persons will not voluntarily embark in an enterprise

"the better way would be to give a bounty or premium to encourage all adventurers, rather than to grant exclusive privileges to a few. For both the one and the other are a charge upon the public; but the monopoly is by much the worse, the dearest and the most difficult to be broken through." [2]

He is careful to warn frequently against the danger of continuing too long the aid to any given kind of industry.

[1] *Essay on Trade, 3rd ed.*, pp. 100–102.

[2] *Ibid., 3rd ed.*, p. 67, *note*.

Thus he is of opinion that the bounty upon the exportation of corn, which had opened up markets in foreign lands and "which in the infancy of agriculture was so essentially necessary, ought to receive at present, very considerable amendments and reductions." [1] But the best illustration of his caution against undue use of national bounties occurs in connection with a remarkably clear presentation of the infant-industry argument. As has been noted above, Tucker, seems to favor the bounty rather than either chartered privileges or customs-duties, as a means for encouraging industry. This accounts for his presentation of the infant-industry argument in connection with bounties. He several times states the complete infant-industry argument. The passage here given in full, is his best statement of it and is so modern in cast that it reads as though it might have been taken from an economic treatise of the last decade:

"Such infant manufactures or raw materials as promise to become hereafter of general use and importance, ought to be reared and nursed, during the weakness and difficulties of their infant state, by public encouragement and national premiums. But it doth, by no means, so clearly appear that this nursing and supporting should be continued forever. On the contrary, it seems more natural to conclude that, after a reasonable course of years, attempts ought to be made to wean this commercial child by gentle degrees, and not to suffer it to contract a lazy habit of leaning continually on the leading strings. In short, all bounties to particular persons are just so many taxes upon the community; and that particular trade is not worth having which never can be brought to support itself. Were all manufactures to receive a bounty (and all have equal right to expect it), this reasoning would appear unanswerable." [2]

[1] *Instruct. for Trav.*, p. 18.

[2] *Ibid.*, p. 33. Similar infant-industry arguments are given in *Elements*, pp. 85–86, and in *Reflect. on Wools*, pp. 24–27.

It thus appears that Tucker believed that the bounty system of Great Britain had worked successfully. He several times proposes new bounties to encourage enterprises he favors,[1] and especially he favors a duty or bounty "to encourage trade in naval stores, . . . not to be too dependent on Sweden, Russia and Denmark in war." [2]

V. Colonies

The fifth leading topic dealt with rather fully by Tucker, in his consideration of foreign trade, is that of colonies. There is development in his treatment of this subject. In his earlier writings he gives rules for maintaining satisfactory relations with colonies. The reasonable implication is that he accounts them beneficial, or, at least, that he is not opposed to them. But when the American controversy arises, he appears as the consistent opponent of distant colonies. The years had increased his aversion to war, and had led him to a belief that trade relations, fully as lucrative to the mother country, will exist with a given district, whether it is a colony or not; that costly wars must be fought for the infant colonies' sake; that emigrants leave the mother country and add to the population of the colony; and, finally, that the colony, in the natural evolution of its new life, inevitably seeks and obtains independence. This development in Tucker's thought concerning colonies, is normal, and may be easily explained.

During his economic decade there had appeared only the suggestions of a coming severance of the American colonies from Great Britain. That Tucker perceived this shadow

[1] *E. g.*, he proposed an export bounty of 3/2d per yard on coarse woollens sent to the Baltic countries, see *Reflect. on Wools*, pp. 17 *sqq;* he favored "a double premium on fisheries on the north coast of Scotland," see *Essay on Trade, 3rd ed., Appendix*, pp. 18 and 19.

[2] *Essay on Trade, 3rd ed.*, p. 93.

cast before, seems probable from the fact that he emphasized the need of considerate treatment if the colonies were to be kept subservient. Indeed, he expressly stated in his very first economic treatise, in 1749, that the colonies would seek independence if they saw that they did not need Great Britain's assistance. The statement occurs in the passage where he outlines the policy for treatment of colonies:

"If we fear they may revolt, let us not drive them into independence. . . . This they will seek if they see that they do not need our assistance. If we keep them dependent and subservient to the welfare of the mother country, we must make it to their interest to be. . . . . (1) They must not interfere with the mother country in their products. (2) They should be encouraged to send raw materials to England . . . (3) We must permit them to furnish us, under reasonable and easy duty, such luxuries as we are wedded to and must buy elsewhere . . . . (4) Even the farthest colonists must be considered . . . and encouraged to do what they can lest they be employed in planning against the mother country." [1]

This is evidently the outline of the accepted eighteenth century policy, based upon the belief that colonies exist for the benefit of the mother country. The counsel is temperate only because a practical man is aiming to point the way to largest results with least friction. There is no hint in the passage that its author believes that it is inexpedient or economically unwise for a country to have colonies; on the contrary, the clause, "if we would keep them dependent and subservient to the welfare of the mother country," evidences that he believed real gain could come from the possession

[1] *Essay on Trade, 3rd ed.*, pp. 96–98. Other early references to colonies are *Reflect. Nat. For. Prot.* Part II, pp. 36 sqq., where he advises that emigration to the colonies be allowed, and *Elements*, pp. 108–110, where he states that conquest without colonization is an absurdity.

of colonies. He goes still further in the *Elements,* and expressly advocates the founding of a colony in the Hudson Bay country, and declares that "such a colony would be most profitably connected with Great Britain." [1]

But the seven years' war had been fought to a victorious ending, and the American colonies were freed from all danger of French domination. Almost immediately the colonies grew openly and menacingly restive. British thought centred upon them more fully, both because of their growing strength and increasing readiness to resent dictation, and because, foreign relations being peaceful, there were no international complications to distract the British attention from intra-imperial conditions. Tucker was one of the earliest to open a pamphleteer consideration of the American colony relations. His attention for the first time was now centred upon the colonies. Before, what he had written concerning them had been incidental to his treatment of trade relations with France, in particular, or with the world in general. He now reviewed the history of the colonies. He realized that the whole heavy expense of the Seven Years' War had come because of them. He foresaw a coming costly, prolonged and hopeless struggle to retain them. He noted that good-class British citizens were going to the colonies to live, thus further decimating the British population, which his studies had led him to regard as already far too small. He applied his self-interest canon to determine trade tendencies, and concluded that any truly profitable commerce would continue even if the new world were independent. He traced the life record of important colonies in history, and concluded that the American colonies were but repeating that history. These thoughts led him to his later and final view, that distant colonies are expensive appendages to any

[1] *Elements*, p. 125.

state, and that Great Britain would be wise if she yielded to the colonies the independence they were beginning to seek, and turned to people and to develop the waste lands within her island borders with the emigrants and soldiers whom the colonial wildernesses were swallowing, and with the wealth she would squander in protecting, coddling, and endeavoring to compel the colonies. This final position is well stated in his *Treatise on Government:*

"Colonies of every sort and kind are and ever were a drain to and an incumbrance on the mother country, requiring perpetual and expensive nursing in their infancy and becoming headstrong and ungovernable in proportion as they grow up and never failing to revolt as soon as they shall find that they do not want our assistance. And that even at the best, those commercial advantages, which are vulgarly supposed to arise from them, are more imaginary than real because it is impossible to compel distant settlements to trade with a parent state to any great degree beyond what their own interest would prompt them." [1]

Tucker condemns the two parties in the kingdom because they agree in nothing

"but in maintaining and propagating one grand capital mistake relative to the welfare of this nation, viz.: That colonies are necessary for the support, preservation and extension of commerce, a fatal error which has ruined every country in proportion as it has been adopted." [2]

A detailed argument against the alleged false position of the parties follows the above statement. It maintains: (1)

[1] *Treatise on Government*, p. 253.

[2] *Further Thoughts, etc.* The outline given is of the argument in this tract.

That British trade with other countries is as lucrative as that with colonies. (2) That "keys," such as Gibraltar and Port Mahon

"have never opened one passage to the English, which was not open before nor have they once shut the door against our enemies and our rivals in peace or in war, nothwithstanding the immense sums they have cost and the great number of troops stationed there." [1]

(3) That if colonies enable a country to buy more cheaply, Britain should plant colonies in every clime whose products she desired. (4) That if an increase in the shipping is desired, as is the aim of the Navigation Act, the sure way to get it, and the only way to get it, is to increase the goods for export, and thus make a demand for "sea waggons." (5) "States may be too great as well as too small; . . . . added colonies in far parts of the world are exposed to constant attack; . . . . the centre is weakened to protect the colonies." (6) It would be better to reclaim England's wastes than to develop colonies.

"Would not a judicious application of one thousandth part of the sums of money which have been lavished in fighting for America, and one hundredth part of the lives sacrificed in the same cause . . . have rendered these English wastes and deserts, some of the best cultivated, the most fruitful and populous parts of the whole kingdom?" [1]

(7) These same wastes, when peopled, will aid in national defence; but America, even had she remained loyal, is too far away to render timely assistance.

In his *Letter to Burke,* he cites Spain's history as proof that colonies enfeeble a land. He argues that

[1] *Further Thoughts, etc.*

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"Spain . . . before it was seized with an epidemic madness of settling colonies in America was one of the richest, the best peopled, the best cultivated and the most flourishing countries in Europe . . . But alas, how fallen! What is Spain! Where are its manufactures! Where its inhabitants! . . . Is Spain, with its diminished population and with vast colonies in South America, richer than formerly?" [1]

Tucker's belief in the inevitableness of colonial independence is best formulated in the following passage:

"There is nothing in our present situation with respect to the American colonies, to amaze the philosopher or politician. Where is the wonder that Americans should forget their obligations to the mother country, and revolt against her authority, when they need no further protection? Or that we should be too weak to bring them back to submission and dependence? If a spirit of national pride and vanity could permit us to reason calmly on these subjects, if it would suffer us farther dispassionately to turn over a few pages of authentic history either ancient or modern we should see that colonies while in their infant state are always humble and modest; and while their very existence results from, and every hope is cherished by, the fostering care of a mother country, make suitable returns of gratitude, duty and affection. But as they rise in strength and approach maturity, they become proud and insolent; impatient even of the most equitable restraints and incessantly aiming at emancipation. And this is but a picture of what every day passes in natural life where the connection is much stronger and more endearing. The child, advanced to man's estate and in possession of the means of subsistence withdraws from the authority of his parent . . . the stamp act therefore only hastened that struggle which might otherwise have been deferred a short time longer; but must assuredly have taken place before the expiration of many years." [2]

[1] *Lett. to Burke*, p. 40.

[2] *Dispassionate Tho'ts on Am. War*, pp. 24–26.

One may approve this theory as a just deduction from history, bearing in mind that it is formulated on the hypothesis that the mother country is to seek to develop, in eighteenth century style, a colony which shall be both profitable and subservient to her.

Tucker's final judgment upon the relations of Great Britain to the American colonies is expressed in a letter to Lord Kames, in 1782:

"In short to sum up all at once I look upon it to have been a very imprudent act to have settled any distant colonies at all whilst there remained an inch of land in great Britain capable of further cultivation; afterwards to have been very foolish and absurd to have engaged in their disputes either with the French or Spaniards and to have espoused their quarrels; and lastly, to have been the height of absurdity to have endeavored to conquer them after they had broken out in open rebellion. They were always from first to last a heavy weight upon us; a weight which we ourselves ought to have thrown off if they had not done it for us." [1]

VI. Statistics

The fifth special topic to be presented is statistics. The topic relates to commerce, as well as to any other of the subdivisions under which Tucker's work is being presented. It really relates to them all.

Upon the subjects with which Tucker dealt, he could secure but little statistical material, and there are very few and minor statistical references [1] made by him. One tract,[2] however, gives an interesting forecast of the modern national census. It was written in 1778. It suggests an outline for an investigation, which Tucker advises the malcontents of

[1] *Memoirs of Kames*, vol. iii, pp. 180–181.

[2] *State of the Nation.*

the day to make. He prophesies that if a comparison be made between the year 1777 and "the famous era of 1759, that period of glory and conquest, when everything was supposed to go right," it would be discovered that Great Britain had made progress. He suggests a "nine-fold inquiry," and says that "each of these is a proper subject for a Parliamentary inquiry, and all of them, taken together, form the complex idea called 'the State of the Nation.'"

The nine subjects for investigation which he presents are, in his order: (1) population, (2) agriculture, (3) manufacture, (4) land and fresh-water carriage of goods, (5) salt-water carriage of goods, (6) state of our fisheries at home and abroad, (7) tendency of our taxes, (8) the clear annual amount of the revenue, (9) the national debt. Under each of these subdivisions he offers a number of questions. An idea of the whole may be obtained from the questions asked under one topic. The paragraph treating of agriculture reads:

"Here let the inquiry proceed in the following manner: What was the state of agriculture last year, 1777, compared with the year 1759? Has it advanced or declined since then? Are our old farm houses, barns, outbuildings, now tumbling down? Are there no new erections of the like sort? Are our inclosures, hedges, fences, drains, etc., etc., running fast to decay? And are there no new ones making? Is there less land under tillage or used for meadow and pasture at present than in 1759? Is this land less drained or watered, less manured, cultivated or improved? Are our farmers grown poorer than heretofore? Can we get no substantial tenants now to occupy farms? And are there no instances of late years of farmers buying estates for themselves? I will add no more, but any gentleman who trembles with apprehensions that we are now on the brink of ruin, would do well to produce his list of grievances respecting agriculture for the year 1777, compared with the happy days of 1759."

Similar series of questions occur under each topic, and it is evident, from the detailed nature of the questions, that had they been answered in a series of volumes in the year 1778, Great Britain would have led the world in comprehensive and complete inventory of her own population, resources, industry, trade and finance.

Tucker appears to have realized the great value that would attach to such a publication. In the very connection in which he suggested its use lies one of its chief values, viz., that a nation may thereby learn whether it is making progress.

In the " skeleton " of his great work, he had planned a section upon " An Annual Survey and Register of Inhabitants." Judging from the *State of the Nation,* this section, had he drafted it, would probably have been a reasonably complete scheme for a national census.

CHAPTER VI

MONEY AND PRICES

THE "skeleton" for Tucker's great work, which he gives at the end of his *Elements,* maps out for Chapter III, of Book II, a treatise on "Coin and credit as the medium of commerce." The eight sections, fully headlined for this chapter, give promise of a quite complete discussion of the functions of money, its kinds and their relative merits, market price and value, the reasons why gold and silver are the money metals, the nature of paper money, the ratio of gold and silver, the theory of exchange, the par of exchange, the nature of banking, the need for more metallic money, and a plan for breaking up the national debt into interest-bearing bonds of small denomination. Unfortunately, none of these sections was ever expanded as a part of the great work, and only by suggestions and fragmentary expositions appearing incidentally in others of Tucker's works, can a further idea be formed of their intended contents. Fortunately, on the other hand, the section headings in the skeleton are sufficiently full to give a fair concept of what the expanded chapter would have been. To these section headings the reader must be referred [1] for all the topics mentioned above, except (I) the functions of money, (II) the standard of value, (III) market price, (IV) the philosophy of exchange, and (V) the scheme for subdividing the public debt. Upon all other money and credit topics the skeleton headings tell all that is told anywhere in

[1] See *Appendix* of this volume for the "Skeleton," Book II, Chap. III.

Tucker's writings. Upon each of those five subjects he has left something in other parts of his works, and what he has left is here topically arranged.

I. Functions of Money

Tucker understands the leading two functions of money. He sees clearly that it is a medium of exchange, and so defines it in the "skeleton." [1] Elsewhere he queries:

"What is money but a common measure, tally, counter to set forth or denominate the price of labor in the several transfers of it?" [2]

This expressly makes money a measure of the contained labor in commodities, or a measure of value.

II. Standard of Value

In the "skeleton" Tucker promises to explain the "true meaning of the relative terms, market price, and value of commodities, cheapness, dearness, scarcity, plenty, &c., &c." [3] Nowhere in his other writings does there appear any discussion of value. The incidental statements which do occur seem to show that he is a believer in a labor standard of value. In the body of the *Elements* he says:

"Industry and labor are the only real riches, money being merely the ticket or sign belonging to them and the use of money is to certify that the person possessing that piece of coin hath likewise been in possession of a certain quantity of labor which he hath transferred to other hands and now retains the sign of it. Money therefore being nothing more than a certificate of labor, etc." [4]

[1] See *Appendix* of this volume, book ii, chap. iii, section ii.

[2] *Reflect. Nat. For. Prot.* Part II, p. 19.

[3] See *Appendix*, Skeleton, book ii, chap. iii, sect. iii.

[4] *Elements*, p. 99.

Again:

"Labor is the true riches and money only the sign or tally." [1]

III. Market Price

There is little concerning prices in Tucker's works. He (1) states that supply and demand determine market price, and (2) he opposes any attempt by the state to keep goods, offered in the market, up to any arbitrary standard. These two positions comprehend his whole expressed thought upon prices.

(1) The market-price formula is thus worded by him:

"The prices of all commodities whatever depend on the quantity at market and the demand for the same. It must therefore follow that when the demand decreases and the quantity increases the price must fall and vice versa." [2]

That the quantity of money affects the prices is only hinted at by him. In unfolding his thesis that mere money is not riches, he supposes England to receive suddenly a large sum of money, through a mine discovery or successful privateering, and says that prices of provisions and manufactures would rise to a "most enormous price whilst the flush of money lasted." The reasons he gives for this are, that

"First the people, enriched by so improper means would not know the real value of money and (would) give any price asked. Secondly, the cart, plow, anvil, wheel and loom would certainly be laid aside for these quicker and easier arts

[1] *Reflect. Nat. For. Prot.* Part II, p. 19.

[2] *Reflections on Wool*, p. 14. He applies this principle elsewhere, *e. g.*, *Elements*, pp. 73, 96 and 98.

of getting rich . . . and the quantity (of provisions and manufactures) raised in the kingdom would be less than ever." [1]

Reason number one emphasizes that the extravagance of those easily enriched, rather than the large quantity of money, acts as a cause in raising prices. Reason number two simply applies his supply-and-demand formula.

(2) His opposition to governmental attempts to regulate the manufacture of goods according to set standards is twice stated very emphatically. In *Instructions to Travellers,* he numbers statutes fixing standards among the "bad laws relating to trade and manufactures (which) are now subsisting." [2] Of them he says:

"The statutes for the due ordering and making particular sorts of goods, keeping them up to a standard, regulating their lengths and breadths, appointing of what materials, or at what seasons of the year they shall be made, etc., etc., are also a useless farce and burden, and only serve now and then as an handle for one litigious or lazy rival to vex his industrious or ingenious neighbor. For as to general use they are absolutely impracticable and ever will so remain as long as buyers and sellers vary in their prices, fancies, tastes, etc. In one word if the buyer is not deceived in buying them, that is, if they shall prove throughout such as they appear to be, and are in reality the same he bought them for, it is no sort of consequence, when, or how or where or with what materials they were made or whether the goods are longer or shorter, broader or narrower, coarser or finer, better or worse than those usually made before them." [3]

[1] *Four Tracts*, p. 23.

[2] *Instruct. for Trav.*, p. 33.

[3] *Instruct. for Trav.*, p. 34. For a similar statement see *Elements*, p. 83.

IV. Philosophy of Exchange

This topic was treated in the preceding chapter, as more naturally introductory to a presentation of Tucker's thought upon trade.

V. Circulating Bond Scheme

Twenty-five years after the "skeleton" promise of a polity for changing part of the "dead national debt" into circulating certificates, Tucker outlines the plan which he then probably had in mind. He advises that Parliament should

"pass a law to enable 3% bonds, now £60 each, to be exchanged for equivalent sums in £10 notes, each with a 6d. stamp and bearing 6s. annual interest, payable each six months to the bearer like East India bonds. And when a great quantity of such notes are in circulation it would be right to allot a place or two in each county to pay the interest. The 6d. stamp would meet all the expense of the new officers needed by this . . . banks would be glad to be places of payment. By these means every man in the kingdom from the highest to the lowest who had £10 to spare for ever so short a time would get after the rate of 3% per annum for the money which otherwise must have lain dead. And poor men in particular, journeymen, laborers, man servants and maid servants, would have a safe deposit for their little earnings and a regular interest in order to induce them to save more." [1]

[1] *Thoughts on Public Affairs, Gent's Mag.*, vol. l, p. 133.

CHAPTER VII

TAXATION

TAXES play an important rôle in Tucker's economic system. He recognizes that revenue-raising plans have been responsible for great changes in history.[1] Very many of his "polities" find their sanctions in proposed taxation. An entire "Book" of the great work was to have been devoted to a full development of the subject of taxation. The outline of this book, given in the "skeleton," shows that Tucker had planned to treat this theme as he treats others, viz., first to discuss the theory of taxes in general, and secondly to apply the theoretical principles arrived at to existent British taxes, approving, disapproving, suggesting alterations and additions. Though this outline was nowhere elaborated to completeness by him, it can be measurably filled in by a collect of taxation passages scattered throughout his works. The most serious loss, in the consideration of this subject, is the dissertation upon "the nature, reason, and use of taxes," with which he purposed to open his treatment in the great work. Nowhere does he present this. But a reasonably complete idea of the probably intended content of the remainder of this "Book" on taxation may be ob-

[1] He notes that the Stuart monarchs had a choice: either (1) to command Parliament to levy some tax, and in case they refused, to raise the tax by royal prerogative without asking consent, or (2) to yield to the times in good grace and sue for revenue as a favor. "They chose the former and the result was a civil war which at last begot the expulsion of the family." *Treatise on Government*, p. 66. *Cf. Elements*, pp. 151–153.

tained by a study of all his works. A result of such a study is presented below, under three divisions: I. The tax criterion. II. Application of this criterion to the British tax system. III. Taxation miscellany.

I. Tax Criterion

Tucker's central taxation principle is stated a number of times in his works. He recognizes that

"Two uses may be made of taxes, a primary and a secondary. The primary use is to support government and to defray the several expenses, military and civil, incurred or to be incurred thereby. . . . The secondary is to provide for these expenses in such a manner as shall render the subjects in general more industrious and consequently the richer and not the poorer by such a mode of taxation. And I do aver that every judicious tax tends to promote the latter of these uses as well as the former." [1]

It is this secondary use which he constantly emphasizes, so much so that the policing and fructifying function of taxes may be called his financial hobby. It is necessary, in his thought, to raise a given revenue, but also quite essential so to levy the taxes as to encourage industry and morality, and to discourage idleness and vice. Indeed, he sometimes regards this latter regulative function as the more important. Thus, he states that

"the sum produced into the exchequer ought not to be so much the principal consideration as the nature and tendency of the tax." [1]

From among the many statements of this fundamental

[1] *Treatise on Gov't*, p. 67.

test for the merit of any tax, the following are selected as fairly conveying his thought:

"A good tax is that which tends to prevent idleness, check extravagance and promote industry. A bad tax on the contrary falls the heaviest of all upon the industrious man, excusing or at least not punishing the idle, the spendthrift, or the vain." [1]

"The nature of taxes is such that they may be compared to the pruning of fruit trees, an operation which all will allow not only to be useful but in some sense necessary. Now if this should be judiciously performed the trees will be much healthier and bear abundantly the better—but if ignorantly and unskillfully done the trees will bear nothing or next to nothing and perhaps will sicken and die away." [2]

"If you have a mind to have your people in general honestly and usefully employed lay your chief taxes upon idleness and pleasures. For such taxes will make all people frugal and industrious, and frugality and industry necessarily create wealth. The infallible consequence of wealth is enjoyment and enjoyment is the proper subject for taxation. Thus therefore the circle goes around the more taxes (of this sort) the more riches; the more riches, the more pleasures; the more pleasures the more taxes, etc., or if you prefer to consider the subject in another view then I would say abolish every tax and remove all impediments whatever which might prevent self-love, the grand mover, from operating for the public good. But bar up with high taxes, duties and impositions, all the avenues and byepaths which might make an opening for irregular or corrupt self-love to decline from the great road of private virtue and public happiness. And when you have set this plan once in motion you have all the certainty which is to be expected in human affairs that it will not miscarry.

[1] *Instruct. for Trav.*, p. 36.

[2] *Treatise on Gov't*, p. 79.

For the daily and hourly collection of the revenue is a constant and never ceasing agent in the execution of your system, whereas all other applications to law and justice can proceed, even at the best, only by fits and starts." [1]

II. The Criterion Applied

His criterion being determined, he tests, by it, the prevailing systems of British taxes.

He finds:

(1) "The Land tax is become of late years a most excellent tax for the exciting of industry and all kinds of improvements; inasmuch as the increase of produce and advancements of value pay no higher tax than the grounds would have paid had there been no improvement at all. Therefore this impost doth now operate in the very manner which every tax ought and every good one necessarily will do: that is, it punishes the idle and the sluggards for not improving their estates but exempts the diligent and industrious. . . ." [1]

(2) "In regard to the excise, many branches thereof are very proper taxes, and fit to be continued; those especially which are laid on intoxicating liquors, or on articles of parade, expense, and pleasure. For, the further any article is removed from the unavoidable wants, the fitter it is to contribute towards the support of the state by paying a tax. And as to intoxicating liquors, they are the farthest removed of any whatever, and the most detrimental to the state in their effects and consequences; therefore in every view, they are the properest to have very high and discouraging duties laid on them." [2]

(3) Upon customs duties Tucker takes an unequivocal mercantilist view. His thought upon them has been given in presenting his treatment of mercantilism, which see.

[1] *Elements*, pp. 169–170. Similar statements to those here quoted are in *Essay on Trade, 3d Ed.*, pp. 126–127, *State of the Nation*, and *Manifold Causes Inc. Poor*, pp. 6 and 7.

[2] *Instruct. for Trav.*, p. 38.

(4) "The last article of taxes is the stamp duties; and as some of them are very proper and none of them amiss, we shall here conclude this head of the query with one short reflection, viz., as that tax which promotes labor, and checks idleness, is a very good one, so no others ought to be esteemed absolutely bad, but such only which produce the contrary effect." [1]

In further application of his criterion for determining good taxes, Tucker states what particular British taxes should, in his judgment, be repealed:

(1) "The salt tax can have no shadow of an argument to plead in its behalf. For if salt is a good manure for lands, the taxing of salt, is the taxing of manure. And surely all manures are raw materials of the most important, most extensive nature. . . . . Further salt is an absolute necessity of life, administering to no pride, vanity, or excess whatever and consequently the most improper to be taxed." [2]

(2) "The duty on coals is a very pernicious duty and subject to all the objections of the former; only some of them in a lesser degree." [1]

(3) "The duty on soap and candles is not a good tax and yet not wholly bad. That part which affects the poor or even the middling people, must certainly be bad. But the soap and candles used by the great, in which the chief consumption and extravagance consist ought to pay a duty; and it would be really a pity that beaux and belles should not contribute something to the support of government in proportion as they frequented balls, assemblies, operas, plays, masquerades, routs, drums, etc., etc." [3]

(4) "The duty on leather is subject to some objections as it

[1] *Instruct. for Trav.*, p. 39.

[2] *Ibid.*, pp. 39 and 40.

[3] *Ibid.*, p. 40.

affects the poor almost equally with the rich. And yet of bad taxes it is far from the worst."

(5) "The extravagant duty upon the importation of coarse olive oil, a raw material incapable either of excess, vanity, or waste of time, and a most necessary article for our woollen manufactures and in making Castile soap, is one that calls the loudest for redress." [1]

And he adds:

"having thus finished the present examination, it may not be improper to add, for the credit of our country and the praise of the legislature, that upon the most impartial survey, there seems to be only these five taxes of any consequence, which can strictly be denominated bad." [1]

Additions to the tax system are next considered. As an improvement to the customs system, he advocates the institution of warehouses:

"To permit, though not to oblige, the merchants to land their goods without prompt payment of duties at the custom house. Were this permission granted, those who accepted of it should be obliged to give bond for the payment and to put their goods under the lock and key of the officer by the way of additional security. And then they should be allowed to dispose of their effects and to pay the duties gradually according as they could find purchasers or as they wanted to remove such and such parcels, etc. . . . to their own private warehouses. By these means every merchant could extend his trade and credit . . . . because he would need to make no reserves of cash or credit for prompt payments at the custom house; every merchant also could buy when and where and as much as he pleased on speculation and sustain no loss of interest on that money which must now be advanced to pay the duties . . . .

[1] *Instruct. for Trav.*, p. 41.

In short, this single regulation would go a great way towards making Great Britain a magazine and storehouse for other countries, and render her ports free." [1]

The particular additional taxes he suggests are all to be levied according to his general principle that a good tax discourages vice, idleness and extravagance. In the *Instructions for Travellers,* he simply catalogues what he considers to be the proper subjects for added taxation:

"Taxes ought to be laid on dogs, on saddle horses, when exceeding two in number; on livery servants, on all places of public resort and diversion, such as public rooms, music gardens, playhouses, etc., also on booths and stands for country wakes, cricket matches, and horseracing, stages for mountebanks, cudgel-playing, etc., moreover on fives-places, and ball-courts, billiard tables, shuffleboards, skittle alleys, bowling greens, and cock-pits. Also capitation taxes should be levied on itinerant players, lottery men, showmen, jugglers, ballad-singers and indeed on all others of whatever class or denomination, whose very trades and professions have a natural tendency and whose personal interest it is to make other people profuse, extravagant and idle. Lastly the stamp duty might very properly be extended to take in printed songs, novels, romance, music, plays and such like articles of mere amusement, to be stamped in the same manner as almanacs are. Now it is obvious that such taxes as these are so far from impoverishing that they must necessarily enrich every state where they take place." [1]

Tucker's exceeding great faith in the efficacy of state

[1] *Instruct. for Trav.*, p. 42. Tucker was an advocate of this warehousing system from the very first of his published economic works. See *Essay on Trade, 3rd ed.*, pp. 108 and 122–126, for a more detailed presentation of this scheme.

action in general, and of taxes in particular, is well shown by his closing sentences on this topic:

"And therefore, let it be laid down as an infallible rule, that in proportion as this system of taxation or its contrary doth prevail in any state throughout the world, in the same proportion doth industry or idleness, plenty or want, riches or beggary prevails likewise. And in short, the course of nature is fixed and cannot be altered." [1]

In the third edition [2] of his *Essay on Trade,* Tucker elaborated more fully his thought as to new British taxes. In his earlier statement he includes two special taxes not mentioned above, a tax upon bachelors and a "double turnpike tax upon all who travel on Sundays—a modish and reigning vice." The tax upon bachelors is evidently an outgrowth of his idea that Great Britain needed a larger population. It is rather surprising that he should omit this from the list of desirable new taxes given in the *Instructions.* As was shown in the chapter upon population, he, throughout his life, advocated plans to increase the British population. There is nothing to indicate that he deliberately omitted the bachelor tax [3] from the *Instructions'* list.

Tucker once proposed a single tax upon luxuries. His statement, introducing the fully elaborated plan, well illustrates the practical man. He says that his proposals, the

[1] *Instruct. for Trav.*, pp. 42–43.

[2] *Essay on Trade, Appendix, 3rd ed.*, pp. 127–139. A similar list occurs in *Manifold Causes Inc. Poor*, pp. 16–20.

[3] This bachelor tax was first proposed by Tucker in 1751 in *Spiritous Liquors;* again in 1753 in the *Appendix* to the *3rd Ed. of the Essay on Trade.* Altho omitted in the list of desirable taxes in *Instruct. for Trav.*, it was advocated again in *Manifold Causes Inc. of Poor*, pp. 16–17 (1760). In this latter (p. 20) occurs, again, the Sunday-driving tax omitted also from the *Instructions* list.

taxes on bachelors, dogs, saddle-horses, etc., previous to this single-tax plan,

"were aimed to change the present system as little as possible, I did not propose some of the above mentioned alterations as what appeared to me the very best which could be devised; but the best in our present circumstances and the likeliest to succeed. For I am convinced that what I am going to offer is, in itself, a much more effectual remedy, if our constitution is strong enough to admit the application of it." [1]

After presenting the plan, he says of it:

"This is alright but it will never do; it is too honest."

The single-tax plan [1] is too elaborately developed to be given here. The general plan is to take certain luxuries as standards for estimating, and listing for taxation, all incomes, *e. g.*, all persons keeping two coaches and six for their use shall be listed as having incomes of £8,000; those using silver service at the table as having incomes of £4,000; those keeping one coach and six as having £2,000; and so on, down to those having pictures, or more than one mirror, etc., whose incomes listed for taxation shall be £25. Tucker suggests that if each taxpayer were required to pay on each item that he listed at the rate set by the costliest luxury that he consumed, the system would then be the "most excellent sumptuary law that ever was desired."

The scheme for levying the tax is ingenious. Parties are to list themselves voluntarily for the first year; and, since the larger the amount listed the lower the rate would need to be to raise needed revenue, neighbors can be depended

[1] This "Plan for raising one only tax on the consumers of luxuries" is given in the *Essay on Trade, 3rd edition*, pp. 148–168.

upon to report those who live above their listed rating. The tax is to be laid on the first year without removing others, and these others are then to be gradually removed as the single tax becomes adequate as a revenue-raiser.

An argument, in an illustrative case, that this tax would be less of a burden to a given taxpayer than the more expensively collected direct and indirect taxes then in use, completes the presentation of this taxation scheme by which "sunshine of commerce and plenty would be diffused equally." It is to be borne in mind that Tucker offers this single tax on luxury as an ideal only. He presents it merely as *addenda* to the 1753 edition of the *Essay on Trade,* and nowhere later refers to it. The taxation plan that appeared feasible and practically desirable to him is outlined above.

Tucker makes it very clear that his intent, in his practicable plans, is not to advocate taxation upon consumption in general, but to advocate the raising of taxes by such levies as will discourage idle, vain and extravagant consumption. He states this position most clearly in a letter to historian Hume, written in 1769. Since this letter gives his mature theory of taxes, in a summary made by himself, for the correction of both Hume and Turgot, in their misapprehensions of his taxation system, it is worthy of presentation here entire, as being perhaps the most important declaration upon the subject of taxes to be found in any of his writings:

"I beg leave to observe that both you and Mr. Turgot have greaty mistaken my meaning, that I am a friend to taxes upon 'consummation' in general. I mean no such thing. On the contrary my system is, that every country throughout the universe, ought to endeavor to render industry very cheap and idleness very dear; and that therefore it ought to encourage all kinds of occupations tending to promote the former, by free-

ing them from all shackles and restraints and more especially, excepting them from taxations and impositions as much as possible. Whereas, it ought, on the other hand, to put a check upon those which subsist themselves by the idleness, drunkenness, extravagance, etc., of other people by subjecting them to discouragements, and by loading them with judicious taxes. And, were this the place for a dissertation of this nature, I think I could prove with an evidence not easily to be resisted, that taxes of this sort will always enrich a nation, instead of impoverishing it; nay that they will, in their consequences, and as the vulgar say, in the long run, multiply the number employed in those very occupations which they seemed intended at first sight to destroy or to starve.

"But to keep within the bounds of a letter, I would only ask you a plain, simple, question, viz., would you wish that there was no tax upon spiritous liquors? Would you choose, if you had the option that the good people of England should get drunk for a penny rather than that it should cost them six pence? and, suppose that they will procure a *quantum sufficit* of this liquor at some price or other, which is better for the public that they should be compelled to work twelve hours before they can procure their intoxicating draught, or be able to purchase it by the labor of only one hour?

"You see my dear sir, that I leave Christianity and a future state entirely out of the question; for I would not affright you with any apprehensions that I was going to write a sermon. And yet, I think that you must agree with me, that the hand of the diligent, considering only the present state of things, is the only hand which can make rich in a national view and that idleness, drunkenness, and extravagance of every kind must make poor." [1]

[1] *Letters of Eminent Persons addressed to David Hume, etc.* (edited by J. H. Burton, Edinburgh and London, 1899), pp. 176 and 177.

III. Taxation Miscellany

There are scattered observations respecting taxes in Tucker's works which indicate that, had he developed his taxation treatise as designed in the plan for the great work, he would have given a quite complete survey of the subject.

a. ABILITY-TO-PAY CANON

Lying back of both his practical and his theoretical taxation systems, as outlined above, is the criterion, ability to pay. He expressly states this as the test for equitable taxes in his *Tract III,* where he says, that whether or not a given tax is excessive "must depend upon the relative poverty and inability of those who are to pay it." [1]

b. INCIDENCE

In his discussion of the union between England and Ireland, he raises the question of incidence by inquiring whether any of the English taxes "really fall on the laboring poor." [2] In answering this question, he observes that both customs duties and excises are borne by the final consumer.

c. COLLECTION

In his plan as outlined in the "skeleton," [3] Tucker was to devote an entire section to a consideration of "regulations for the most frugal methods of collecting the revenue, and the most serviceable to trade and industry." He nowhere fulfils this promise, but, in connection with special-tax plans [4] he is suggesting, he states what appears to him to be

[1] *Four Tracts*, p. 123.

[2] *Union or Separation* p. 6. The discussion of incidence referred to occupies pp. 6–10.

[3] See *Appendix* of this volume.

[4] See *Manifold Causes Inc. Poor*, pp. 22 and 23, and *Essay on Trade, 3rd ed.*, pp. 158 seq.

the wisest way to collect the particular tax being considered. He notes "the expensive manner of collecting our customs," etc.,[1] and writes to M. Necker:

"The inequality of taxes and host of collectors within your kingdom Englishmen cannot understand."[2]

d. DISTINGUISHES HIGH FROM HEAVY TAX

Tucker distinguishes between a high tax and a heavy tax:

"High taxes are one thing and heavy taxes are another. And it is as evident as any proposition in Euclid that a kingdom many be beggared by a tax that produces no more than 50,000£ a year and enriched by another that produces 5,000,000£. In short if taxes are so laid on as to check or stop the circulation of industry and labor, how can that kingdom be rich? But if they tend to promote and encourage it, how can such a kingdom be poor?"[3]

e. SMUGGLING

Plans for preventing smuggling are developed several times in Tucker's works, most fully in *Spirituous Liquors.*[4] They include the incorporation of the islands of Guernsey, Jersey and Man under the British crown, establishment of king's warehouses for French wines and tobacco, and reorganization of the coast patrols and of methods for paying customs officials. There is never a hint to abolish duties, and thus destroy incentive to smuggle.

[1] *Essay on Trade*, p. 43.

[2] *Cui Bono*, p. 29.

[3] *2nd Lett. on Naturalization*, pp. 13–14. Similar statement with argument and illustration by supposing a single tax of £20 per year upon every plow and vehicle: *Treat. on Gov't*, pp. 79–80.

[4] *Spirit. Liq.*, pp. 16–21.

f. LOTTERY

To secure funds for erecting cottages, in his scheme for reclaiming waste lands, by placing militia upon them, Tucker proposes "a guinea lottery, one-half to go to the adventurers in prizes and the other half to cottagers." But he does not consider the lottery an ideal way to raise taxes, as is proven by his apology for suggesting such a plan:

"I would wish to apologize for having recourse to any scheme whose principles cannot be defended and whose example is so contagious. The only excuse I can make is this: That it having been found, by long experience, that men and women are become so corrupt that they will gamble under one denomination or another in spite of all our laws—therefore the best use that can be made of this national infatuation is to draw good out of evil and to turn this general insanity into a public benefit." [1]

g. NATIONAL DEBT

There are but two finance topics, aside from taxation, of which Tucker treats. One, the plan for issuing small national bonds to induce small savings, has already been presented in the chapter upon money; the other is the national debt in general. Tucker makes two points with reference to the public debt: (*a*) It should not be allowed to increase indefinitely. (*b*) The burden of a national debt is relative to the wealth of the country. These positions are taken in "State of the Nation," where he suggests a comparison of the national debt of 1759 with that of 1777:

"great it (the debt) undoubtedly is—by much too great to be suffered to accummulate any farther if it can be possibly avoided. But, comparatively speaking, it is not so great at

[1] *Reflections on Wools*, pp. 38–39.

present as it was in the year 1759. For if the nation is now much richer, then it follows that we may be much better able to bear an equal or a greater load of national debt . . . . But nevertheless . . . I do not offer . . . any apology . . . or encouragement for running any farther into debt if we can possibly avoid it."

PART III

SOURCES, INFLUENCE AND CONCLUSIONS

CHAPTER I

SOURCES OF TUCKER'S THOUGHT

THE sources from which Tucker obtained his economic facts and ideas were of three kinds: I. Previous economic writers. II. Parliamentary reports and state papers, statutes, histories, and special collections of economic data. III. His own observations and original thought upon the economic relations of men and things.

I. DEBT TO OTHER WRITERS

Tucker was acquainted with the work of the leading writers preceding his author-day. He quotes or refers to William Petty, Josiah Child, Joshua Gee, Harrington, Mandeville, Berkeley, Ustariz, and Montesquieu. He does not mention Sir Dudley North. It does not appear that any of these writers, with the exception of Montesquieu, exercised any direct influence upon Tucker which is worth noticing.

Petty is merely referred to as having believed that England could sustain a larger population.[1] Gee is criticized because he was despondent, and alleged so great a balance

[1] *Reflect. Nat. For. Prot.*, Part ii, p. 18.

of trade against Great Britain "that for sixty years past, according to his figures, we should not have had a shilling, . . . yet we have lavished £150,000,000 on useless wars." [1] Harrington is referred to as a writer of moderate ability, who, "himself a gentleman," maintained that only gentlemen were fit to rule, and "proceeded to discover a gentleman ancestor for his darling megaleter, Oliver Cromwell." [2] Mandeville's *Fable* is characterized as an "absurdity." [3] The one idea from Berkeley which seems to have remained with Tucker is his query whether a man might not be proprietor of twenty square miles in America and yet be in want for a dinner.[4] It is not improbable that Tucker may have adopted from Berkeley his frequent use of the query [5] form of presenting an argument. Ustariz is mentioned in two [6] of Tucker's works, and from his treatise Tucker secured many of the facts relative to Spanish history and economic conditions, which he used illustratively in his writings.

Josiah Child is oftener referred to than any of the above-mentioned authors, and his works found favor in Tucker's eyes. In *Instructions for Travellers,*[7] he recommends Child's treatise on trade as the leading work under his division on

[1] *Cui Bono*, p. 74.

[2] *Letters to Shelburne*, pp. 88–91.

[3] *Essay on Trade, 3rd ed.*, p. 130.

[4] This query is twice referred to: *Four Tracts* pp. 64 and 216.

[5] The whole of *Reflect. Nat. For. Prot.*, Part ii, is in this *Querist* style.

[6] *Reflect. Nat. For. Prot.*, Part i, p. 61, and *Elements*, p. 148, both mention *The Theory and Practise of Commerce*, by "Don Geronimo Ustariz, one of the lords of trade to his Catholic Majesty of Spain." The work of Ustariz is a critical commentary upon the commercial history and conditions of European countries, closing with a practical program for revivifying Spanish industry and trade. It makes no attempt at scientific exposition of general economic principles.

[7] pp. 5 and 9.

"Commerce and Taxes." Child is quoted with approval [1] several times, but Tucker's knowledge of human nature leads him to explain why Child made an exception of the East India Company when he was advocating open trade. "Sir Josiah, himself, was the chairman of that company, and his brother the chief governor abroad." [2] Since Tucker approves Child's writings so generally, and ranks them so highly in advising others as to their reading, it seems reasonable to suppose that Tucker learned much from Child. But Tucker has left a direct statement to the contrary. In the *Elements* [3] he criticizes Child's claim that the East India Company was necessary to maintain forts. He prefaces this criticism with the remark:

> "Sir Josiah Child (with whom the writer of these sheets had the honor to agree in every other commercial point, before he had read his book) etc."

This is express testimony that Tucker had worked out his thought-system without any assistance from Child.

Tucker probably learned from Montesquieu that environment is a most important factor in explaining human institutions. *L'Esprit de Lois* is recommended [4] by Tucker as one of the three works on "Ethics, Civil Law, and Government in General," which his traveler should study. His comment is: "The Spirit of Laws by Mr. de Montesquieu is

[1] See *Essay on Trade*, pp. ix and x, and *Reflect. Nat. For. Prot.*, Part ii, p. 14.

[2] *Reflect. on Turkey Trade*, p. 5.

[3] *Elements*, p. 95. Tucker here again notes that Child was "Chairman and director of the company at home, and his brother, John Child, was their governor abroad."

[4] *Instruct. for Trav.*, p. 5.

superior to all eulogiums whatever."[1] The entire *Instructions for Travellers* is framed according to the Montesquieu idea. The young traveler is first advised to keep before himself such questions as how far the looks, numbers, behaviour, clothing, food, dwelling, agriculture, manufacture, arts and sciences are due to soil and climate, to the peculiar genius and inventions of the people, to the spirit of the constitution, and to religious principles.[2] The remainder of the work consists of illustrative queries and answers concerning British people and conditions. Montesquieu is to be credited with influencing the development of Tucker's historic sense.

Tucker was also in touch with at least two contemporary writers who might have influenced him in his economic productions. They were Hume and Turgot. Rightly to estimate their influence, it must be remembered that Tucker had developed substantially his whole system of economic thought by the close of his economic decade, in 1758. There is no evidence that prior to 1758 Tucker had been acquainted with either of the men in any way. The correspondence with Hume did not begin until 1758, and that with Turgot not until 1770.[3] There is nothing to show that Hume's political essays (1752) influenced Tucker in any way. He had expressed his thought upon the trade balance and upon the philosophy of exchange in the *Essay on Trade*[4] (1749), so that he did not derive these from Hume's essays. It is possible that Hume's discussion of the jealousy of trade between nations may have stimulated Tucker, to some extent,

[1] *Instruct. for Trav.*, p. 7. See *Elements*, p. 101, for the only exception Tucker takes to any of Montesquieu's ideas. He there denies the allegation that Oriental people do not desire English wares.

[2] *Instruct. for Trav.*, p. 10.

[3] See *ante*, pp. 32, 33 and 67, for data as to these correspondences.

[4] *Essay on Trade*, *Introduction*, pp. v and vi.

towards his own later amplification of this theme. Beyond this mere possibility, neither Hume nor Turgot had opportunity to impress their thought upon Tucker until after he had worked out his system of economic thought to substantial completeness.

Two facts make it certain that the Physiocratic school had no influence[1] in shaping Tucker's economic thought: (1) the *Elements,* containing Tucker's entire economic thought, at least in full outline, was printed in 1755, the year in which Cantillon's *Essai sur le Commerce,* the first of the Physiocratic works, was published; (2) Tucker did not read French readily,[2] and therefore could not have carried on extensive correspondences with Frenchmen, nor could he have read French manuscripts prior to 1755.

Tucker does not mention either James Steuart or Adam Smith. The *Wealth of Nations* appeared after his economic work was done. There is nothing in any of his writings to indicate that he knew anything about this great work.

There is but one topic of any length and importance, in all of Tucker's writings, which he has taken almost bodily from the writings of another man. This is a plan for a single tax, taken from an anonymous pamphlet.[3] He presents this plan simply for its interest as an ideal tax-system,

[1] It is extremely unlikely that the plagiarized portions of Cantillon's *Essai* which appeared in Postlethwayt's *Universal Dictionary of Trade and Commerce* (1751, 1st ed.), exercised any influence upon Tucker.

[2] In his letter to Tucker, dated Dec. 10, 1773, Turgot apologizes for writing in French saying that English is difficult for him and that a mutual friend, Mr. Bostock, may translate the letter for Tucker. See Turgot, *Oeuvres* (Paris, 1810), vol. ix, p. 370.

[3] *An Essay on the Causes and Decline of Foreign Trade,* London, 1744. Printed for J. Brotherton. Quoted by Tucker in *Essay on Trade, 3rd ed.,* pp, 124, 131, 133 and 148 to 168.

and he frankly acknowledges his debt and gives full credit [1] to the pamphlet.

The practical plan for taxation which Tucker advocates is very different from this ideal plan. This practical plan, which he proposed and consistently advocated as a practical system, was original with himself. He testifies directly upon this point. In the *Elements* he asks for the criticisms and suggestions of friends,[2] saying that he cannot hope to succeed, in the remainder of his planned work, without their aid,

"especially that relating to taxes . . . . For indeed the reasons on the moral tendency and commericial use of proper taxes have never yet been exhibited to the public; or if they have, the author hath not been so happy as to meet with them; and therefore, since he must consider them as a *new system,* he would be the more desirous of producing it finished and complete etc."[3]

The evident conclusion from this consideration of the influence which economic writers, precedent and contemporary, had upon Tucker, is that he was very slightly indebted to them. A general impression left from reading the works of such writers may have given him his mercantilism and may have inspired his opposition to privileged companies; more probably it tended, as was the undoubted case with reference to Josiah Child's writings, to confirm him in views which he had culled from current thought or had worked out for himself. But whatever debt he may have

[1] See *Essay on Trade*, pp. 148 *et seq*, for this plan, and p. 149 for explicit acknowledgment of the source: "The scheme is taken out of a quarto pamphlet which would do honor to any man, etc."

[2] It will be remembered that only 50 or 60 copies of this first rough draft and outline of Tucker's great work were privately printed and circulated among friends for criticism, etc.

[3] *Elements*, p. 169.

owed, possibly, with reference to trade thought, his systematization of economics, with all of its expressed connotations, his emphasis upon self-interest, his taxation theories, his opposition to colonies, were clearly his own contributions. He appears to have been unusually independent of earlier writers. He certainly believed his system of economic thought to be original. In the *Advertisement* of the *Elements* he apologizes to the reader for his elaboration of every point, saying:

"as his manner of treating the subject is entirely new, he is obliged to be more explicit in setting it forth. For in a new system, everything must be proved, etc."

II. Reports, Statutes, &c.

Attention has already been called [1] to the fact that Tucker made frequent use of first-hand materials. A few examples may be here mentioned. When making his attack upon the privileged companies, he quoted freely from a report in the "3d of James I," by Sir Edward Sandys, giving reasons for destroying trade monopolies. The quotations and comments upon this report occupy twelve quarto pages,[2] the abstracts from the report serving as texts from which Tucker developes an entire argument against privileged companies.

There are many citations to such sources as *Journals of the House of Commons,* Townshend's *Historical Collections,* British Statutes, and the *British Merchant.*[3]

Tucker's warehouse scheme was adopted by him from a

[1] See *ante*, pp. 40, 41 and 95 to 103.

[2] *Elements*, pp. 155 to 167.

[3] He characterizes the *British Merchant* as a "Book . . . which will be remembered as long as any regard for commerce or love of our country shall remain." *Reflect. Nat. For. Prot.*, Part i, p. 55.

proposal for warehouses made by Sir Robert Walpole. Tucker commends the plan frankly as "Walpole's 'excise scheme.'"[1]

These are but illustrations. Tucker's works are replete with references to statutes, to parliamentary records, to reports of special commissions, to historical documents, and to historical collections. It is evident that he preferred to study records of facts and speeches, or documents, bearing directly upon public problems, rather than the opinions and speculations of economic writers.

III. Personal Observation.

Tucker's own personal observations furnished him much material and suggested to him much of his best thought. Bristol was a working laboratory in economics for him. He studied human nature very observantly; that he was habitually introspective is proven by his many statements of aims and interests. His analyses of wants and of self-interest, and his conclusion that self-interest is the supreme economic motive, are direct results of his study of human nature. The life of his works is born of reflection upon the facts of commercial and industrial life and of human nature, which he observed. Tucker was essentially a constructive student of life in his own world and in the world of history; he was not an echo author, who simply recast the ideas of other writers.

[1] *Elements*, p. 148.

CHAPTER II

INFLUENCE

TUCKER has not exercised much influence upon the development of economic thought. Two leading reasons may be given in explanation: I. Most of his writings were controversial pamphlets dealing with current questions. II. His more ambitious essays in the realms of economic science were never published.

I. CONTROVERSIAL PAMPHLETS

Tucker won recognition as an able advocate for a general naturalization law, for abolition of privileged trading companies, and for a peace policy. His reputation as an economic writer has been largely due to his pamphlets upon these themes.

The popular aversion to foreigners, the power of custom, and the strength of the London chartered companies, rendered almost fruitless the efforts, in the decade from 1750 to 1760, for naturalization and for destruction of trading monopolies; but the tracts and speeches of that decade strengthened the movement towards freedom in British industrial and commercial life, and contributed appreciably toward the ultimate success of that movement. As the leading English pamphleteer in favor of freedom, in that ten years, Tucker had direct influence upon practical legislation, and both direct and indirect influence upon the development of the freedom idea; but it is doubtful if any later British economic writer of any consequence has been appreciably

influenced in his thought-system by any of these mid-century pamphlets of Tucker. This is to be expected. That tracts, devoted to championing or to attacking particular bills or particular companies, under particular conditions, should be buried with their kind and their generation is most natural. If any live, it will be more probable that they live rather as landmarks than as means of inspiration. So it has been with these naturalization and anti-monopoly tracts of Tucker. They have been sometimes quoted, but have been quoted usually simply as good illustrations of the advance thought of their day.

Tucker's American tracts are political rather than economic. Their leading thesis is that Great Britain should cast off her ungrateful American colonies. It is true that the basic arguments, *viz.*, that war is ruinous to trade, and that goodness and cheapness of a nation's wares, and not its political relations, win markets for it, are economic; but the political conclusion looms larger than the economic premises.

What is true of the earlier pamphlets is true of these. They undoubtedly had their share of influence in reconciling the British mind to separation; but what direct influence upon the course of scientific thought-development is reasonably to be expected from a series of *Tracts* and *Letters* upon the subject-matter of a closed controversy? Their very titles, *Tracts* and *Letters,* and their avowedly controversial and apparently political character, have failed to attract the economic student, even if they have not caused him deliberately to pass by these writings.

II. Tucker's Scientific Works Unknown

Tucker's *Elements of Commerce* and his *Instructions for Travellers* were never published. They give his leading thoughts upon economics. In main part, they are not con-

troversial, but impartially scientific in character. They contain some advances upon current ideas, and probably would have contributed to an earlier and a better systematization of economic thought if they had been published. Their titles, and their scientific and avowedly economic character, would have attracted attention among economic writers. The fact is, that they do not appear to have been known, except by the friends to whom Tucker sent them for criticism. Among these friends there seems to have been no one who won reputation as an economic writer. This distribution of the few privately printed copies of each of the above works was made in the years 1755 and 1757. Each friend was requested to return his volume, with marginal comments, to Tucker, within a few months. Since this request was probably respected, it is exceedingly doubtful if any of the leading economic writers of the seventy-five years following 1755 ever read either the *Elements* or the *Instructions,* for Tucker never prosecuted the work any further, and had no reason for redistributing these first drafts. They probably remained in his hands for the forty years following, and then perished in the irreverent ridding up after his death.

That these works were unknown to economic writers of the half century immediately following 1755 seems the more probable when it is considered that, despite the patient and painstaking research in the field of the history of economics, during the past two generations, there is very little now known, among economists, of either of these works. So far as the writer has been able to learn, there are but three copies of each of these works extant.[1] The meagerness of

[1] The British Museum Library has a copy each of the *Elements* and the *Instructions;* the New York Public Library (Astor division) has a copy of the *Elements* with a number of marginal notes in Tucker's own

knowledge of these works is most strikingly evidenced by the fact that writers of histories of economics do not mention them. McCulloch, in his *Literature of Political Economy,* does not even list the *Instructions* among Tucker's works, and he says of the *Elements,* that its principles are identical with those of Tucker's other writings, and that the "theory of taxation is not touched upon." The facts are, that the *Elements* is the only one of Tucker's writings that clearly attempts to present a science of economics, and that its closing pages outline Tucker's taxation theory. Neither Blanqui, in his *History of Political Economy,* nor Cossa, in his *Introduction to Political Economy,* mentions either the *Elements* or the *Instructions.* Ingram, in his *History of Political Economy,* mentions neither of these works, and dismisses Tucker with the statement that his "works (are) deficient in permanent interest."

Influence on English Economics

The above facts and reasons show why Tucker had little or no direct influence upon the development of English economics, as it is to be traced through the masters. Biographers for encyclopædiæ have insisted upon repeating the tale that Tucker was a commercial writer of some merit. Occasionally an economist has read one of Tucker's tracts and has selected a quotation for later use. Quotations from Tucker have been noticeably more frequent in the recent years of developing interest in the study of the history of economic thought. It is notable, however, that neither James Anderson, in his tracts, nor Adam Smith, in his

hand; and Professor Edwin R. A. Seligman of Columbia University, has a copy of the *Instructions* in his extensive and valuable private library of economics and political science. Professor H. S. Foxwell of Cambridge, England, has a copy of each of these works in his rich collection of eighteenth century English pamphlets.

Wealth of Nations, make any reference to Tucker or to his works, while Malthus has one[1] passing reference only, in his *Essay.* Tucker does not appear to have influenced these men, and in the course of its real development since 1770, English economic thought has taken the treatises of Anderson, Smith and Malthus as starting-points. The reasonable conclusion appears to be that Tucker's *direct* influence in the evolution of English economic thought is nearly negligible.

On the other hand, Tucker must be accredited with a considerable *indirect* influence upon the development of British economics. Through his advocacy of economic freedom in relatively ephemeral, but, at the time, highly influential,[2] tracts, published intermittently during fifty years, through his sermons and conversations,[3] and through his correspondences,[4] Tucker undoubtedly helped to create and to ex-

[1] *Essay on Population, 3rd ed.*, vol. ii, p. 441, barely refers to Tucker's opinion that friendly societies should be voluntary.

[2] The tract *Reflect. on Expediency of Opening Trade to Turkey*, written by Tucker in 1753, aroused action against the Turkey Trading Company. Voluntary subscriptions were raised in Bristol and Liverpool to war against this company, and petitions were sent in from many places. June 24, 1754, Parliament, in response, opened the Turkey trade to any citizen of Great Britain on payment of £20. See *Appendix to 2nd Edition* of this tract (1755) for Tucker's account of this movement against the Turkey trading monopoly.

[3] Tucker's letter of May 11, 1755, commends to Dr. Birch a young nobleman Mr. Combes, and a young clergyman, his stepson, Mr. Woodward, and says that these young men are pupils of his, in a sense, and agree with him upon all commercial topics. See Birch Mss. (4319, vol. xx, p. 818) in British Mus. Library.

[4] Tucker's correspondences and conversations with Lord Hardwicke, Townshend and Nugent [with the latter of whom he was intimate for many years] evidence his probable influence upon British politicians; his correspondences with Hume and Kames evidence his probable influence on British men of letters; his correspondences and conversations with Dr. Birch and Dr. Forster evidence his probable influence upon the British clergy.

tend the demand for larger commercial and industrial freedom. He helped to prepare the British mind for a readier reception of the teachings of a *Wealth of Nations*. Inasmuch as he helped to shape the British commercial mind from 1750 until 1785, and the later writings of others were but expressions of this mind, he may be said to have indirectly influenced later British writers.

Influence on the Physiocrats

Tucker exercised a measure of direct influence upon Turgot and upon the Physiocrats.

The direct correspondence between Tucker and Turgot did not begin until 1770; but years before this Turgot had translated two of Tucker's tracts. He was but twenty-six years old when he translated the first one, a tract on *Naturalization,* and it is altogether probable that Tucker's thought aided in shaping the young man's economic ideas.

Turgot's first letter to Tucker, in 1770, does not directly acknowledge any such influence, although it is very complimentary in tone. Turgot states that he had translated, some years before, Tucker's *Naturalization of Foreign Protestants, Part II,*[1] and his tract, *The Case of Going to War for the Sake of Trade.*[2] He sends Tucker a copy of his *Reflections,* &c., as a part "of the homage a translator owes to his author." He says the *Reflections* will bring to Tucker no new idea, for they have the same ideas of the principles of liberty and of the important economic aims. He credits Tucker with being the only author in a nation which allows freedom of the press, who "perceived the advantage of free

[1] *Questions Importantes sur le Commerce, etc.*, 1755. See *Biographie Universelle*, vol. xlii, p. 240.

[2] 1765. See *Nouvelle Biographie Générale*, vol. xlv, p. 691.

trade, and had not been seduced by the puerility and hopeful illusion of exclusive commerce." [1]

Tucker's direct influence upon the Physiocratic school is unquestionable. Besides these two tracts translated by Turgot, Frenchmen had a chance to read the essence of Tucker's *Essay on Trade,* in their own language, and prior to the beginning of the physiocratic publications. In 1754 Plumard d'Angeul brought out his *Remarques sur les Avantages et les Désavantages de la France et de la Grande Bretagne par rapport au Commerce,* &c. This is, in large part, a free paraphrase [2] of Tucker's *Essay on Trade.* Mr. Henry Higgs notes that this tract of Plumard d'Angeul "was constantly present to Quesnay's mind in writing the article *Fermiers,* and was quoted," and that Gournay recommends Tucker as an economic writer of merit.[3]

[1] See *Oeuvres de Turgot* (Paris, 1810), vol. ix, pp. 366–375, for two letters to Tucker. The above statements are taken from the letter dated Sept. 12, 1770.

[2] An English translation appeared in London in the same year (1754) entitled *Remarks on the Advantages and Disadvantages of France and Great Britain with Respect to Commerce.* It purported to be written by John Nickolls. In the preface the author makes the following express acknowledgment of his indebtedness to Tucker: "I hope that Mr. Josiah Tucker, a worthy clergyman of Bristol and at the same time an eminent patriot, will without offence see some of his ideas amongst mine. I borrowed from his essay upon Commerce the title which I have given to these remarks; I have taken from it almost word for word my first seven paragraphs by way of necessary introduction to my work; in short, he it was, who inspired me with the resolution of travelling and of making observations; and I pay to him homage of the fruits thereof with pleasure and gratitude." Tucker in his *Instructions* recommends to his traveler this volume. He says of it: "This tract is in a great measure a translation of my *Essay on Trade* and other commercial pieces. But as the author is a native of France, viz., the Marquis D'Angeul, tho appearing under the borrowed name of an Englishman, Sir John Nickolls, he was capable of making great improvements on my plan, etc." *Instruct. for Trav.*, p. 9.

[3] See *The Physiocrats* (pp. 15, 31, 67), by Mr. Henry Higgs.

Aside from these French translations of Tucker, it must be remembered that Tucker's *Essay on Trade* had passed to its third edition in 1753, and that his tracts on spirituous liquors, on naturalization, and on the trade with Turkey, had all been published by the year 1753. Those of the Physiocrats who could read English thus had opportunity to be influenced by seven different economic tracts, written and published by Tucker at least two years prior to the appearance of the first Physiocratic work. These facts make a clear case that Tucker exercised a measurable influence upon the Physiocratic school, rather than that he was a satellite of theirs, as Blanqui seems to imply.[1]

[1] See *History of Political Economy*, p. 364, where Blanqui says that Tucker "belonged to the shade of Gournay."

CHAPTER III

CONCLUSIONS

Two theses may now be stated:

I. *Josiah Tucker deserves a creditable rank among English economic writers. He should receive more consideration than he has heretofore been given when English economists are being treated.*

He was the first English writer to attempt to present a scientific system of economics. He was the first to approach economics as a psychologist; he began with a study of human wants and made self-interest the central economic thread. Tucker, the scientific economic theorist, is far more interesting than Tucker the pamphleteer, far more deserving of credit, and far less known.

It seems unnecessary, after the extended presentation of Tucker's economic system in *Part II,* to make an elaborate argument here; the review of his works in *Part II* substantiates this first thesis. In simple summary of the more striking parts of Tucker's economic thought, it may be noted that he saw clearly and presented well:

(1) The possibility of a science of economics.

(2) That self-interest is the supreme economic motive.

(3) That an analysis of human wants is a proper starting-point for a study of economics.

(4) The relation of economics to ethics.

(5) That in economic reasoning due allowance must be made for the natural and the social environment.

(6) The evils of monopolies generally, and of chartered trading companies in particular.

(7) That the Navigation Act was an objectionable monopoly.

(8) The philosophy of exchange.

(9) The advantages of machinery.

(10) That slave labor is uneconomic.

(11) The infant-industry argument.

(12) The advantages of enclosure of commons.

(13) The national disadvantages from distant colonies.

(14) The conduct-regulating function of taxes.

(15) The error of the bullionist.

(16) The error of usury laws.

(17) The error of trade jealousy between nations.

(18) The economic condemnation of war.

II. *Tucker's writings illustrate the fact that the ideas developed in the Wealth of Nations were Zeitgeist thoughts.*

Smith did not influence Tucker in any way. It is extremely unlikely that Smith ever saw either the *Elements* or the *Instructions,* and there is no reason to believe that he had ever given any attention to Tucker's controversial pamphlets. Considering that these two writers had little or no direct influence upon one another, it is of interest to note the large number of points upon which they agree. Among such common points are:

(1) Discussion of the advantages of a division of labor.

(2) A labor theory of value.

(3) Cosmopolitanism.

(4) Insistence that both agriculture and manufacture should be developed and encouraged.

(5) Approval of education of common people in charity schools.

(6) Admission that exclusive companies may be justified in initiating a trade.

(7) Opposition to the particular trading companies then in existence.

(8) Opposition to the Apprenticeship Act.

(9) Opposition to the bullionist view.

(10) Advocacy of the warehouse scheme.

(11) Approval of a union between Great Britain and Ireland.

(12) Argument that a high tax is not necessarily a heavy tax.

(13) Objection to the existent taxes on salt, soap, candles and leather.

(14) Approval of fixed tax upon land.

(15) Advocacy of ability-to-pay tax criterion.

The fact that Tucker did not anywhere fully elaborate his views upon taxes and upon money and banking, lessens the number of common points that may be shown in their thought.

Tucker and Smith disagree in a number of points, and not always to Smith's advantage, *e. g.,* Tucker opposed the Navigation Act, consistently applying his anti-monopoly principle. The chief point upon which they disagree is the proper extent of trade freedom. Tucker was a mercantilist. Adam Smith's pre-eminent contribution was a clear argument for full trade freedom. They appear to be far apart in their thought upon this subject; but it is interesting to observe that, although Tucker fell short in his practical policy, he was far on the way toward the full freedom-of-trade conclusion. Probably, had not the chartered companies of London so aroused him as an outport citizen that he gave his best efforts towards the abolition of company privileges, he would have taken the full step and advocated trade freedom in the modern sense. The many suggestions, illustrations, and even complete arguments, that lead irresistibly to free trade, to be found in Tucker's works,[1] make it seem

[1] See *ante*, pp. 158 to 160, for these suggestions and arguments.

passing strange that he did not, with his finely logical mind, arrive at that general conclusion. But the very fact that a reader expresses wonder that Tucker did not become a full free-trader, is proof that he had in hand the materials out of which the full free-trade thought is made. In other words, the fact indicates that the time was fully ripe for the free-trader. There was needed a mind similar to Tucker's in its historical grip and its logical acumen, but unthwarted by distractions in the shape of current problems of large local interest which called for only half-way free-trade measures fully to remedy them. Such a mind, so calmly environed, would take the final step and present the world an invincible free-trade argument. This mind and this environment were Adam Smith's. So the very point upon which Smith at first thought seems so far in advance of Tucker, proves, carefully considered, to be only a further illustration of the second thesis, viz., that Tucker's economic writings are evidence that the ideas marshalled in the *Wealth of Nations* were in the air. The seeming leap from the modified mercantilism of Tucker's writings to the full free trade of Smith resolves itself into a final very short, but very essential, step taken by Smith.

APPENDIX

SKELETON OF TUCKER'S GREAT WORK*[1]

Advertisement.

A preliminary discourse setting forth the natural disposition, or instinctive inclination, of mankind towards commerce.

The Elements of Commerce and Theory of Taxes.[2]

INTRODUCTION.

PART I.[3] CONTAINING CERTAIN POLITIES FOR INCREASING THE NUMBER OF PEOPLE.

CHAPTER I. A polity for the encouragement of the married state.

CHAPTER II. A polity for the admission of wealthy and industrious foreigners.

[1] When *Mss.* marginal notes by Tucker are referred to in footnotes to this skeleton, the references are to the Copy of the *Elements* in the New York Public Library (Astor division).

[2] Mss. note by Tucker changes this title to read, "*The Moral and Political Theory of Trade and Taxes.*"

[3] A *Mss.* note changes this *Part I* to *Book I.*

CHAPTER III. Other polities for increasing the number of people.

PART II. CONTAINING CERTAIN POLITIES FOR THE EXTENSION AND IMPROVEMENT OF COMMERCE.

CHAPTER I. Certain polities for encouraging and improving husbandry.

Sec. I. A polity for dividing large estates.

Sec. II. A polity for enclosing commons and common fields.

Sec. III. A polity for changing tithes into glebe.

Sec. IV. A polity for increasing buildings in low, fenny or marshy ground, and rendering them healthy.

Sec. V. A polity for creating a plenty of timber.

Sec. VI. A polity for registering the title-deeds of houses and landed estates.

CHAPTER II. Certain polities for the increase and improvements of manufactures.

Sec. I. A polity for opening such exclusive companies as relate principally to our home trade, or domestic commerce.

Sec. II. A polity for opening those exclusive companies which relate to foreign trade.

An Appendix to the first and second sections of the chapter on Manufactures.

Outline theory of taxes.[1]

Sec. III. A polity for improving our colonies, and

[1] All of the *Skeleton* that precedes this point is an outline of what in full first draft composes the *Elements* as this volume was privately printed and circulated among Tucker's friends. All of the *Skeleton* that follows is the outline which he intended later to have fully developed.

extending the trade between them and the mother country, to their mutual advantage.

Sec. IV. A polity for making all ports free and easing trade of several burdens.

Sec. V. A polity for suppressing smuggling.

Sec. VI. A polity for a sure and expeditious manning of the fleet without pressing.

Sec. VII. A polity for making good roads, navigable rivers, and canals.[1]

Sec. VIII. A polity for establishing a uniformity of weights and measures throughout the kingdom.

Sec. IX. A polity for a perfect incorporation with Ireland.[2]

CHAPTER III. On coin and credit as the mediums of commerce.

Sec. I. On the nature and circulation of human industry.

Sec. II. On the rise and origin, the use and necessity, of some medium, deposit, or certificate whereby the exchange of the produce of one man's labor may be facilitated for that of another—and that this medium, deposit, or certificate is what we call money.

[1] In N. Y. Public Library (Astor division) copy of the *Elements* occurs a marginal note, written in Tucker's own hand, under this section: "A canal a public road in times of peace, a fortification in times of war."

[2] Marginal note in Tucker's hand suggests additions of:

A polity for defensive strength and security at home. By land enlisting regulars for 5 years; then disbanding them and incorporating with the militia of each county. Independent companies of light horse. Every sergeant and corporal as well as superior officer on horse or foot to be capable of searching for and seizing upon *run* goods imported, in the same manner as custom house officer or excise man. By sea, 12 stations; 3 ships at each station. These to be applied likewise to prevent smuggling.

A polity for civilizing "ye" Indians and preserving peace in "ye" colonies.

Sec. III. On the true meaning of the relative terms, market-price and values of commodities, cheapness, dearness, scarcity, plenty, &c., &c.

Sec. IV. The reasons assigned why gold and silver are found preferable to other metals for the purposes of making them into money; and how far a paper certificate may as truly become money as pieces of the metals of gold and silver.

Sec. V. What is intrinsic in these metals and what is more properly relative, viz.: the intrinsics of gold and silver are size, weight, and fineness; the relatives are the several proportions of the weight and fineness of the coins in one country compared with those of another; and from these comparisons results that imaginary coin, or medium between the two, called the par of exchange. After this comparison with foreign coins, whether gold or silver, there is a secondary, or domestic, comparison, which has a universal influence, though little attended to, viz., the domestic proportion between gold and silver, whether set higher or lower than it is in other countries.

Sec. VI. On the doctrine of exchanges and the nature of banking, illustrated by familiar ideas taken from common life and then applied.

Sec. VII. Reasons for increasing the quantity of metal money and the polities for so doing.[1]

Sec. VIII. Reasons for changing a considerable part

[1] Tucker's marginal *Mss.* note: "The proprietors of plate the only horders—a polity proposed for melting down plate. Permission given the universities and all public companies to convert such plate as they deem useless into money. The colleges in the universities to lay out this money in augmenting small livings in their gift, building or repairing parsonage houses—companies in mending high roads, building bridges, widening narrow passes, etc."

of the dead national debt into circulating certificates or paper money; and a scheme proposed whereby every man in the kingdom may receive interest every moment for his money and become his own banker; so that the national debt shall become the most advantageous institution to commerce, manufactures, agriculture and general industry that ever existed.

PART III. A SYSTEM OF POLITIES FOR THE PRESERVATION AND IMPROVEMENT OF GOOD MORALS.

DISSERTATION I. On the connection and entire harmony between national commerce, good morals, and good government, that they all promote each other; nay, that they are but parts of one general scheme, in the designs of Providence, though considered by us as separate and distinct, and sometimes as unconnected.

DISSERTATION II. That as commerce must be under the guidance of good morals, the rules of good morals are, therefore, applied to regulate these artificial wants of mankind which are the bases of commerce. And these reasonings illustrated by plain facts and examples. Polities proposed.

Sec. I. Proved, that all the former polities relating to the increase of mankind, Part I, are useful to good morals.

Sec. II. Proved, that all the former polities relating to national industry and the right employment of time, Part II, are productive of the same effect.

Sec. III. A polity for superintending all public places of expense, pleasure and diversion.

Sec. IV. A polity for securing those trades to the female sex which are fittest for their condition.

Sec. V. A polity for preventing the present bad effects of electioneering.[1]

Sec. VI. A polity for preventing national perjury.

Sec. VII. A polity for clearing the streets of street-walkers, for the well-regulating of jails and Bridewells, and for making executions less frequent, but more decent and solemn.

Sec. VIII. An annual survey and register of inhabitants.

PART IV. A SYSTEM OF TAXES PREVENTIVE OF IDLENESS, EXTRAVAGANCE, &C., PROMOTIVE OF GOOD MORALS, AND PRODUCTIVE OF NATIONAL INDUSTRY, WEALTH AND PLENTY.

Sec. I. A dissertation on the nature, reason and use of taxes.

Sec. II. Rules for judging whether any tax proposed is bad, innocent, or good. These principles applied to our present system, viz.:

[1] *Mss.* note by Tucker:

"All freedoms of towns corporate to remain untouched any farther than they are affected by some of the preceding polities. But in regard to the election of members of Parliament, confine that wholly to landed property. The reason to be given afterwards. The Quantum to be £6 per annum, the same qualification as that for jurymen. The consequence of this regulation would be, that lands of £4 or £5 per year value would be better cultivated in order to be worth £6. That houses within cities or towns corporate would become very desirable and objects of great attention. That every tradesman capable of purchasing a house would be sure of buying one, in order to be of the rank of voters. Thus, the freeholds in cities and towns corporate would be greatly multiplied, and as these houses for the most part would be occupied by their owners, old houses would be rebuilt, new ones erected, and all made to wear a better face than they now do. In order to avoid collusion, the house or lands entitling to a freehold must have been rated to the land tax."

Sec. III. Such taxes as ought to be continued *in statu quo.*

Sec. IV. Such as ought to be augmented.

Sec. V. Such new taxes as ought to be laid on.

Sec. VI. Such as ought to be lessened.

Sec. VII. Such as ought to be totally abolished.

Sec. VIII. Such bounties, drawbacks, or premiums as ought to be added, increased, lessened, withdrawn.

Sec. IX. Regulations for the most frugal methods of collecting the revenue, and the most serviceable to trade and industry.

PART V.[1] MISCELLANEOUS REFLECTIONS AND OBSERVATIONS.

Sec. I. Such vulgar errors exposed relating to trade as were not particularly confuted in the foregoing treatise.[2]

[1] *Mss.* note of Tucker changes this to read *Book V.*

[2] *Mss.* marginal notes by Tucker give a list of the errors he desired to confute: "1. Vulgar Error: That money is riches, and that mere spending of money in a country is a good thing for that country. 2. Do. (i. e. Vulgar Error): That rival nations cannot all flourish at the same time; that poor nations will draw away trade from rich; that low wages create cheap manufactures. 3. Do: That slavery is necessary in the colonies. 4. Do: That colonies are essentially necessary to trade. 5. Do: That companies of trade at home and of merchant adventurers abroad were originally necessary, tho' allowed to be not so now. 6. Do: That the principles of commerce can only be understood by commercial people. [In the *Essay on Trade*, *Preface*, p. x, Tucker says that the person of liberal education "is better fitted for the study of the *Science* than the merchant himself, because his mind is freer from the prejudice of self-interest and therefore more open to conviction in things relating to the general good."] 7. Do: That luxuries are beneficial to trade. 8. Do: That we ought to imitate the antient Greeks and Romans (see Lit. Liv. Lib. I, 59, Romanos homines, etc.). On the contrary the Romans under their little petty kings when the Roman territory was not half as big as Yorkshire, were richer than the inhabi-

Sec. II. Rules for judging of the increase or decrease of trade in general, and of any branch of it in particular.

Sec. III. Rules for setting up any new branch of trade, merchandise, or manufacture.

Sec. IV. General directions to travelers, whether through our own or in foreign countries, viz.: what questions to ask, relating to civil, religious, or commercial liberty; the tenure of lands, different holdings and jurisdictions, nature of governments, courts of justice, tendency of taxes, and the like; and what inferences to make from the respective answers; how to judge of the genius of a people from their political constitution, and *vice versa;* how to account for the decay or improvement of trade, manufactures, agriculture, husbandry, &c.; of the increase or diminution of the numbers of people; also a true method of finding out the comparative riches or poverty of the state or country through which you travel. [*Instructions for Travellers* developed this plan.]

Sec. V. The whole science and systems of commerce reduced into a series of short maxims or aphorisms. The conclusion.

tants of Rome under Augustus Caesar—Proof. Money got by conquest is like money got by privateering—Proof. 9. Do: For the populousness of antient Judea."

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[1] Endeavor has been made to give, in lists I and III of this Bibliography, an exhaustive bibliography of Tucker's works, so far as they can be well authenticated, and of his correspondences. It is perhaps too much to hope that the attempt has been wholly successful. See *ante*, pp. 48 to 70, for further bibliographical comment than is given in the following list of Tucker's Works.

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13. A Second / Letter / To A / Friend / Concerning / Naturalizations: / Wherein / The Reasons are given why the Jews were an- / tiently considered as the immediate Vassals / and absolute property of the Crown; but / are now in a State of Liberty and / Freedom like other Subjects. / To which are added, / The Opinions of the most eminent Lawyers, toge / ther with Proofs and Argument drawn from divers important Facts and Statutes of the / Realm relating to the same Subject. / By Josiah Tucker, A. M. / Rector of St. Stephen's in Bristol, / And / Chaplain to the Right Rev., the Lord Bishop of Bristol. / London / Printed for Thomas Trye, near Gray's Inn Gate / Holborn. MDCCLIII / [Price Six pence] / 8° 44 pp.

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17. / Great News from Rome! / Being / The Pope's Bull in favor of the High / Flyer, against N——t, the Heretic. / Translated into English for the Benefit of the Gentlemen of W. L——n C——b. /

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21. The "Challenge about Jasen."

A newspaper article referred to by Tucker in a letter to Dr. Thos. Birch, dated Oct. 30, 1754. See British Museum Library *MSS*, 4319, vol. xx, 818.

22. / The / Important Question / Concerning // Invasions Raising the / A Sea War Militia // And Paying / Subsidies for Foreign Troops; / Fairly and impartially stated on both Sides, / And / Humbly referred to the Judgement of the Public. / Being a new Edition of the Papers first published in the Evening Advertiser. / London. / Printed for R. Griffiths, at the Dunciad in / Paternoster Row. MDCCLV. / 8°, 64 pp.

This tract was listed as anonymous in the British Museum Library. It was identified, by the present writer, as Tucker's, from an acknowledgment of its authorship, made by him in a letter of Dec. 6, 1755, written to Dr. C. N. Forster. See Brit. Mus. Library, *MSS*, 11275.

23. / The / Elements of Commerce / And / Theory of Taxes. / Folio, 175 pp.

Privately printed. Dated July 10, 1755, at Bristol. Fifty or sixty copies were sent to friends with the request that they be returned with critical notes on the wide margins left for that purpose. The work is very rare. Only three copies are extant, so far as the present writer can learn. One of these is in the British Museum Library; one is in the New York Public Library, Astor Division; and one is in Professor H. S. Foxwell's Collection of Economic Works.

24. / The / Case / of the / Importation / of / Bar Iron / from our own / Colonies of North America; / Humbly recommended to the Conside / ration of the present Parliament by / the Iron Manufacturers of / Great Britain. / London / Printed for Thomas Trye; near Gray's Inn Gate, Holborn / MDCCLVI / [Price sixpence.] / 8°, 29 pp.

25. / A Short and Familiar Way of explaining the important Doctrine of / *Justification* and the Points dependent on it, agreeably to Scrip / ture, and the Church of England. /

A Tract addressed "To the Inhabitants of the Parish of St. Stephen in the City of Bristol . . . by their faithful pastor, Josiah Tucker. Date sometime prior to 1757. See Library Brit. Museum, *MSS*, 4319, vol. xx, 818.

26. / Instructions / For / Travellers / 1757. / 4°, 64 pp.

Only 50 or 60 copies were privately printed and circulated among friends with request that they be returned to Tucker with criticisms on the wide margins left for that purpose. The book is very rare

now. So far as the writer can learn there are but three copies of it —one in the British Museum Library; one in the private library of Professor Edwin R. A. Seligman, in New York City, and one in the library of Professor H. S. Foxwell in Cambridge, Eng.

27. / The / Manifold Causes / Of the Increase of the / Poor / Distinctly set forth; / Together With / A Set of Proposals for removing and preventing some of / the Principal Evils, and for lessening Others. / 4°, vi + 42 pp.

The title page has no date, no name and no place; but the *Advertisement* is signed *Josiah Tucker*, and dated *May 26, 1760*, at *Glocester*.

28. / Improvements and Savings in Inland Na / vigations exemplified on the River / Stroud, in the County of Gloucester. /

An article published in
- *Gent's Mag.*, vol. xxx (Apr., 1760), pp. 167–168.
- *Annual Reg.*, vol. iii (Apr., 1760), pp. 142–144.
- *London Mag.*, vol. xxix (Apr., 1760), pp. 192–194.

29. / The / Case / Of / Going to War / For the Sake of / Procuring Enlarging, or Securing / Of / Trade, / Considered in a New Light. / Being / A Fragment of a greater Work. / London: / Printed For R. And J. Dodsley, In Pall-Mall; And / L. Hawes, W. Clarke And R. Collins, At The / Red Lion, In Pater-Noster-Row. / MDCCLXIII. / 12°, 59 pp.

This was republished as *Tract II* of the *Four Tracts*.

30. / A / Sermon / Preached in the Parish-Church of / Christ-Church, London, / On *Wednesday*, May the 7th, 1766: / Being The Time of the Yearly Meeting of / the Children Educated in the Charity / Schools, and in and about the Cities of *London* / and Westminster. / By Josiah Tucker, D. D. / Dean of Glocester. / *Published at the Request of the Gentlemen Concerned* / *in the said Charity* / To which is annexed / An Account of / The Society for promoting Christian Knowledge. / London: / Printed by J. and W. Oliver, Printers To The Said Society, in Bartholomew-Close; and Sold by / John Rivington, Bookseller, at the *Bible* and / *Crown* in *St. Paul's Churchyard*. / MDCCLXVI. / 4° 132 pp.

31. / An / Apology / For The / Present Church of *England*, / As by Law Established / Occasioned By A / Petition / Said to be preparing by / Certain Clergymen, and Others, / To be laid before Parliament, / For / Abolishing Subscriptions, / In a Letter to one of the Petitioners. / By Josiah Tucker, D. D. / Dean of Glocester. / Glocester / Printed By R. Raikes. / MDCCLXXII. / 8°, 61 pp.

A second edition with very slight additions and corrections was

published the same year. Title page same as above except that "said to be preparing by certain clergymen and others to be" is omitted and "The Second Edition, corrected" precedes "Josiah." Reviewed in *Monthly Rev.*, vol. xlvi (Feb., 1772), pp. 157–161, and in *London Mag.*, vol. xli (Feb., 1772), pp. 85–86.

32. / Six / Sermons / On / Important Subjects. / By Josiah Tucker, D. D. / Dean of Gloucester: / And Rector of St. Stephen, Bristol. / Bristol: / Printed by S. Farley, in *Castle Green*; and / Sold by her; the Booksellers in Bristol and Bath; / and by S. Bladon, in Paternoster Row, London. / MDCCLXXII. / [Price One Shilling and Six-pence] / 12°, viii + 91 pp.

These were republished as the first six sermons of the *Seventeen Sermons*. Reviewed in *Monthly Rev.*, xlviii (Jan., 1773), pp. 59 to 63.

33. / Letters / To The / Rev. Dr. Kippis, / Occasioned By His / Treatise / Entitled, / *A Vindication of the Protestant Dissenting* / *Ministers*, / With Regard To / Their late Application to Parliament. / By Josiah Tucker, D. D. / Dean of Glocester / Glocester / Printed By R. Raikes: / And Sold By / S. Bladon, In Pater-Noster-Row, London. / MDCCLXXIII. / 8° 135 pp.

Reviewed in *Monthly Rev.*, vol. xlviii (Mar., 1773), pp. 185–192.

34. / Religious Intolerance / No Part Of The / General Plan / Either Of The / Mosaic, or Christian Dispensation, / Proved By / Scriptural Inferences and Deductions / After A / Method Entirely New. / By Josiah Tucker, D. D. / Dean of Glocester. / Glocester: / Printed by R. Raikes. / And Sold In London By / J. Rivington, In St. Paul's Church-Yard; T. Cadell, / In The Strand; and J. Walter, Near Charing- / Cross. / MDCCLXXIV. / 8vo, 55 pp.

Reviewed in *London Mag.*, vol xliii (1774), p, 242.

35. / A / Brief and Dispassionate View / Of The / Difficulties / Attending The / Trinitarian, Arian, and Socinian Systems: / Occasioned By The / Fierce Controversies now on Foot in divers Parts of the / Kingdom respecting those Subjects: / And Designed To Assist / Candid, Humble, and Modest Inquirers in their / Searches after Gospel Truths. / By Josiah Tucker, D. D. / Dean of Glocester. / Glocester: / Printed by R. Raikes / MDCCLXXIV. / [Price Three Pence] / 8°, 23 pp.

Republished in 1776 as an *Appendix* to *Seventeen Sermons*. Reviewed in *Monthly Rev.*, vol. l (Feb., 1774), p. 413; *Gent's Mag.*, vol. xliv (1774), p. 211; and in *London Mag.*, vol. xliii (1774), p. 243.

36. / Four Tracts / Together With / Two Sermons, / On Political and Commercial / Subjects. / By Josiah Tucker, D. D. / Dean of Glocester. / Glocester: / Printed By R. Raikes. / And Sold By / J.

Rivington, In St. Paul's Churchyard, London. / MDCCLXXIV. / 8°, 216 + 35 pp.

2d Edition, 1775.

3d Edition, 1776. Sold by T. Cadell, xv + 224 pp.

Tract V is sometimes bound with the 3d Edition.

The *Two Sermons* appear as *Sermons VII and VIII* of *Seventeen Sermons*.

Reviewed in { *Monthly Rev.*, vol. l (Feb., 1774), pp. 129–136. *Gent's Mag.*, vol. xliv (1774), pp. 29–30, 78–81 and 126–129; vol xlvi (1776), pp. 413–415.

37. / A / Review / Of / Lord Vis. Clare's Conduct / As / Representative / Of / Bristol. / Virtutem incolumem odimus, / Sublatum ex oculis quaerimus invidi, / By Josiah Tucker, D. D. / Dean of Glocester, and Rector of St. Stephen's in Bristol. / Glocester: / Printed By R. Raikes; / And Sold By / T. Cadell, in London; / And / T. Cadell, in Bristol. / [Price Two-Pence.] / 12°, 34 pp.

An acknowledgment of the *Merchants' Testimonial* by Lord Clare, quoted at the close, is dated Jan. 30, 1775. The pamphlet has no date, but was issued in 1775.

38. / A / Letter / To / Edmund Burke, Esq; / Member of Parliament For The / City of Bristol, / And Agent For The Colony Of New York &c / In Answer To / His Printed Speech; / Said To Be Spoken In The House Of Commons / On The Twenty Second Of March, 1775. / By Josiah Tucker D. D. / Dean of Glocester / Glocester / Printed by R Raikes; / And Sold By / T. Cadell, In The Strand, London / MDCCLXXV, / [Price One Shilling.] / 8°, 58 pp.

A "Second Edition, Corrected," was published in the same year. Reviewed in *Monthly Rev.*, vol. liii (Aug., 1775), p. 180.

39. / Seventeen Sermons / On Some Of The / Most Important Points / On / Natural and Revealed Religion, / Respecting The / Happiness Both Of The Present, And Of / A Future Life. / Together With An / Appendix, / Containing A / Brief And Dispassionate View Of The / Several Difficulties Respectively Attending The / Orthodox, Arian and Socinian Systems / In Regard To / The Holy Trinity. / By Josiah Tucker, D. D. / Dean of Glocester; / Printed by R. Raikes; / And Sold By J. Rivington, In St. Paul's Churchyard, London, / MDCCLXXVI. / 8°, ix + 351 pp.

Reviewed in *Monthly Rev.*, vol. lvi (Apr., 1777), pp. 253–256.

40. / The True / Interest of Britain / Set Forth in Regard / To The / Colonies; / And the only Means of / Living in Peace and Harmony with Them, / Including Five different Plans, for effecting this desirable / Event. / By Jos. Tucker, D. D. Dean of Glocester. / Author of the Essay on the Advantages and Disadvantages / which respectively attend France and Great Britain, with / regard to Trade. /

To which is added by the Printer, a few more Words / on the Freedom of the Press in America. / Philadelphia; / Printed and Sold, by Robert Bell, in Third Street, / MDCCLXXVI. / 8° 66 pp + 4 pp on Press Freedom.

This is *Tract IV* of the *Four Tracts*.

41. Address to the Public in favour of Dr. Campbell's Sermon. June 1778.

Proof page in British Museum Library. See *add. Mss.*, 5825. f. 159. b.

42. The State of the Nation in 1777 Compared with the State of the Nation in the famous year of Conquest and Glory, 1759. By the Dean of Gloucester.

Written in 1778.

A proof sheet in British Mus. Library *Mss.* See *Mss.* 34414, f. 568.

43. / Dean Tucker's / Reflections / On The / Terrors / Of / Invasion / Re-Published By / A Friend to His Country. / London: / Printed For Edmund Lloyd, / Harley Street. / 1806 / 8°, 15 pp.

First published by Tucker in 1779. Mentioned July 31, 1779, *Gent's Mag.*, vol. xlix, p. 375.

44. Further Thoughts on the Present Posture of Affairs. October, 1779.

Signed "Cassandra." Proof sheet in British Museum Library. See *Add. MSS.*, 34. 416, f 409.

45. / Dispassionate Thoughts / On The / American War / Addressed To The / Moderate of All Parties / In the Multitude of Counsellors there is Safety. / Solomon, London. / Printed for J. Wilkie, No. 71, St. Paul's / Church Yard. / MDCCLXXX / [Price One Shilling] / 8°, 36 pp.

46. The Dean of Gloucester's Thoughts [adapted] / to the Enquiries not set on Foot] hum- / bly submitted to the serious Considerations / of Lords and Gentlemen in Town and / Country. Gloucester Feb. 22, 1780.

Signed "Cassandra." Printed in *Gent's Mag.*, vol. l, pp. 132–133.

47. Proposals for a General Pacifi- / cation. / By the Dean of Gloucester. /

Signed "Cassandra." Printed *Gent's Mag.*, vol. l (1780), pp. 221, 222. Published also in *Second Edition of Cui Bono?* (1782) as an *appendix*.

48. / A / Treatise / Concerning / Civil Government / In / Three Parts / Part I / The Notions of Mr. Locke And His Followers, / Concerning The Origin, Extent, And End / Of Civil Government, / Examined And Confuted. / Part II / The True Basis of Civil Government Set / Forth And Ascertained; Also Objections / Answered: Different Forms Compared; And / Improvements Suggested. /

Part III. / England's Former Gothic Constitution Cen- / sured And Exposed; Cavils Refuted; And / Authorities Produced; Also The Scripture / Doctrine Concerning The Obedience Due To / Governors Vindicated And Illustrated. / By. Josiah Tucker D. D. / Dean of Glocester. / London; / Printed for T. Cadell, In The Strand. / MDCCLXXXI / 8° v + 428 pp.

49. / Cui Bono? / Or An / Inquiry / What / Benefits Can Arise / Either To The / English Or The Americans, / The French, Spaniards Or Dutch, / From The / Greatest Victories or Successes, / In The / Present War? / Being A / Series of Letters, / Addressed to Monsieur Necker, / Late Controller General of the Finances of France. / By Josiah Tucker, D. D. / Dean of Glocester. / Glocester: / Printed By R. Raikes: / For T. Cadell In the Strand: / Sold Also By Evans and Hazell, / In Glocester: / MDCCLXXXI. / 8°, 141 pp.

2d Edition, "corrected," Glocester, 1782.

3d Edition, with "Proposal for a General Pacification" as an Appendix, London, 1782.

A French translation was published in 1782: *Cui Bono, Ou Examen quel avantages les Anglais etc., . . . traduit de l'Anglais, Londres, 1782.* Reviewed *Gent's Mag.*, vol. lii (1782), pp. 82, 83.

50. Addenda to

/ A / Sermon / Preached At The / Cathedral Church of Glocester / Upon The / Anniversary of The Restoration, / And Published At The Request Of The Dean And / Chapter And Other Clergy Of That Church, / By the Rev. Thomas Stock, A. M. / Head Master Of The Grammar School At Gloucester; / And Late Fellow of Pembroke College, Oxford. / Glocester. / Printed by R. Raikes. / MDCCLXXXII: / 12°, Sermon 29 pp. Addenda 14 pp.

The Addenda, written by Tucker, contain "an historical detail of the Political Affairs of this Country during the Grand Rebellion."

51. / Reflections / On The / Present Low Price / Of / Coarse Wools, / Its Immediate Causes, / And / Its Probable Remedies. / By / Josiah Tucker, D. D. / Dean of Gloucester. / Tros Tyriusque Mihi Nullo Discrimine Habetur. / London: / Printed for T. Cadell, In The Strand. / MDCCLXXXII / [Price One Shilling] / 8° 46 pp.

Reviewed in *New Rev.*, vol. i (1782), p. 44, and in *Monthly Rev.*, vol. lxvi (Mar., 1782), pp. 228–230.

52. / Four Letters / On Important / National Subjects, / Addressed to the Right Honourable / The Earl of Shelburne, / His Majesty's First Lord Commissioner / Of The Treasury. / By Josiah Tucker, D. D. / Dean of Glocester / London: / Printed by R. Raikes / for T. Cadel, In The Strand. / MDCCLXXXIII / . 8° vii + 120 pp.

A second edition, in same year, with only minor alterations—also, in same year, a *Dublin* edition "Printed by R. Marchbank,

for W. & H. Whitestone, W. Wilson and P. Byrne." An evident typographical blunder made the date on the title page of the *London 2nd Edition* read "MDCCLXXIII." This edition seems to be more common. This title-page error has led most bibliographers to list this tract as of 1773. See Bibliography by Mr. Paul Leicester Ford in *Journal Pol. Econ.*, vol. ii, p. 330–337, and Bibliography by Mr. Leslie Stephens in *Dict. Nat. Biog.* article on Tucker. The error is patent from the title page itself, for the Earl of Shelburne was not "First Lord of the Treasury" until 1782–83. Again there is internal evidence for Tucker mentions in the tract that the Americans have declared independence.

Reviewed in *New Rev.*, vol. iii (1783), p. 44.

53. Subjects for Dissertations and Premiums, to be offered to the Graduate Students of the Universities of England and Scotland.

Written in December, 1784. Published as an *Appendix to Reflections on the Present Matters in Dispute Between Great Britain and Ireland* (1785), pp. 35–41. Republished in *European Magazine*, vol. vi, pp. 17–18 (Jan., 1792).

54. / A Sequel to / Sir William Jones' Pamphlet / on the / Principles of Government, / in a / Dialogue between a Freeholder / in the / County of Denhigh / and the / Dean of Gloucester. / Gloucester / Printed for R. Raikes, / and sold by / T. Cadell, in the Strand, London: / Evans & Hazell, Gloucester. / MDCCLXXXIV / [Price six pence] / 8° v + 29 pp.

Reviewed in *Monthly Rev.*, vol. lxxi (Dec., 1784), p. 474. The reviewer says: "Let the 'political deans' chew each other."

55. To the Philological Society: "Dean Tucker's Opinion on the Present most interesting Disputes."

Published in { *The Europ. Mag. and Lon. Rev.*, vol. v (1784), pp. 220, 221.
Gent's Mag., vol. liv (1784), p. 202, 203. }

56. / Reflections / On The / Present Matters In Dispute / Between / Great Britain and Ireland; / And On The / Means of converting these Articles into / Mutual Benefits to both Kingdoms. / By Josiah Tucker, D. D. / Dean of Gloucester. / Dublin: / Printed for Messrs. Wilson, White and Byrne. / MDCCLXXXV. / 8° 34 pp.

Appendix (pp. 35 to 41) contains the *Subjects for Dissertations*, etc.

57. / Union Or Separation / Written Some Years Since / By The Rev. Dr. Tucker, / Dean Of Gloucester, / And / Now First Published / In / This Tract / Upon The Same Subject. / By The Rev. Dr. Clarke, / Secretary For The Library And Chaplain To / His Royal Highness The Prince of Wales / [In this work the great Objections urged at a Meeting of / the Irish Bar are distinctly considered and confuted.] / "Tros Tyriusque Mihi Nullo Discrimine Habetur." / London / Sold By J. Hatchard & J. Wright, In / Piccadilly; Clarke,

New Bond / Street; and Rivington, St. / Paul's Church Yard. / 1799. / 8° ii + 83 pp.

Clarke had submitted queries to Tucker in 1785 and received then the answers here printed. There was an Irish edition of the above, title page exactly like the above except that it begins "/ Dean Tucker's / Arguments / On The / Propriety Of An," etc., and ends, "/ Dublin: / Printed For J. Milliken, 32 Grafton Street, / 1799./"

58. / Thoughts / On / War, / Political, Commercial, Religious / And / Satyrical / By Josiah Tucker, / Dean of Gloucester, / William Law M. A. / And / Jonathan Swift, / Dean of St. Patricks / London / Printed In The Year MDCCXCIII / By Darton And Harvey, Grace Church Street / 8°, 54 pp.

37 pp. contain Tucker's *Prevention of Wars*, from his *The Case of Going to War*, etc.

59. / Arguments / For And Against An / Union / Between / Great Britain And Ireland / Considered; / To which Is Prefixed A / Proposal On The Same Subject, / By Josiah Tucker, D. D. / Dean of Gloucester / London / Reprinted for John Stockdale, Piccadilly. / 1798. / 8°, 31 pp.

pp. 2 to 4 give Tucker's argument against the plea that Ireland would run away with English trade if incorporated.

II. REPLIES[1] TO TUCKER'S WORKS.

1. / The / Principles / Of A / Methodist / By John Wesley, M. A. / Fellow of Lincoln College, Oxford, / Occasioned by a late Pamphlet, intitled, A Brief History / of the Principles of Methodism / The Second Edition / Bristol: / Printed by Felix Farley, in Castle-Green, and sold / at the New School in the Horse Fair: Also at the / Foundry, near Upper Moorfields, and by T. Trye at Gray's Inn Gate, London; likewise by R. Aken- / Head, on the Tyne Bridge, Newcastle. 1746 / [Price two pence] / 12° 23 pp.

A 3rd edition, "London, 1796," with no changes.
A reply to Tucker's *A Brief History of the Principles of Methodism*.

2. / Remarks / On The / Reverend Mr. Tucker's / Letter / on / Naturalizations. / In Two Letters to a Friend. / . . . / London: / Printed for E. Withers in Fleet Street, 1753 / Price Six pence / 8° 32 pp.

3. Remarks on a paper entituled, Im / provements and savings in inland / navigations, exemplified on the ri / ver Stroud in the County of Glou / cester, by the Dean of Gloucester /

This is an article published in the *Annual Register*, vol. iii (1760),

[1] There is no pretence that the following is at all an exhaustive list of the tracts Tucker's pamphlets inspired. There are probably many others in the unwieldy mass of 18th century pamphlets. Omissions in these title pages, indicated by . . . . . are simply Latin mottoes.

pp. 144–148, and in the *London Mag.*, vol. xxix (1760), pp. 351–354. The article is dated from Gloucester, May 29, 1760, and is signed Ferd. Stratford.

4. / The / Scripture The Only Test / As Well As / The Only Rule / Of / Christian Faith / Maintained in a / Letter / To / The Rev. Dr. Tucker / Dean of Glocester. / . . . / London / Printed for Benj. White, at Horace's Head, in Fleet Street. / MDCCLXXII. / 8° 41 pp.

5. / A / Letter / To The / Rev. Dr. Josiah Tucker, / Dean of Gloucester: / Occasioned / By his Apology for the present Church / of England, as by Law established, &c. / Wherein / Every Material Article is Examined: / And / The Plan of the Petitioning Clergy, and others, / is fully vindicated, upon the Principles of Christianity, / all Protestant Churches, / and the Church of England / in particular. / By a Petitioning Clergyman. / London: / Printed for the Author and J. Walder, and sold by / Mr. Buckland, in Pater-Noster-Row; and Mr. Lamte- / rett, in Clift, Lewes; and may be had of most other / Booksellers in Town and Country. MDCCLXXIII / [Price One Shilling] / 8° 57 pp.

6. / A / Letter to Doctor Tucker / On His / Proposal of a Separation / Between / Great Britain / And Her / American Colonies. / London. / Printed for T. Becket, Corner of the Adelphi, Strand / MDCCLXXIV / 8° 36 pp.

7. / Some / Reasons / For Approving / Of The / Dean of Gloucester's Plan, / Of / Separating From The Colonies: / With / A Proposal / For A Further Improvement / . . . / London: / Printed for N. Conant, Successor to / Mr. Whiston, in Fleet Street. / MDCCLXXV. / 8°, 32 pp.

An ironical tract.

8. / A / Letter / To The Reverend / Josiah Tucker, D. D. / Dean of Glocester, / In Answer to / His Humble Address and Earnest Appeal &c / With A / Postscript, / In Which / The present War against America / Is Shewn to be / The Effect / not of the Causes Assigned by Him and Others, / But of A Fixed / Plan of Administration, / Founded in System. / The Landed opposed to the Commercial / Interest of the State. / Being as the Means in order to the End. / By Samuel Estwick, LL. D. Assistant Agent, for the Island of Barbadoes / . . . / London / Printed for J Almon, opposite Burlington House, Piccadilly, / MDCCLXXVI. / 8°, 125 pp.

9. America—addressed to the Rev. Dean Tucker.

A poem, ridiculing Tucker's separation scheme, said to have been written by Mr. Soame Jenyns. Published in *Annual Register*, vol. xix (1776), pp. 204, 205.

A ludicrous blunder occurs in Joseph Stratford's biography of Tucker in his *Gloucestershire Biographical Notes* (p. 135). Jenyns, in the above poem, in humorous metaphor, credits Tucker with having invented a spring for freeing runaway horses from the vehicle to which they are attached. The hit at Tucker's plan for separating from the fractious colonies is obvious, but Stratford quotes the poem and stolidly credits Tucker with inventive mechanical genius.

10. / Plain Truth / Or A / Letter / To The Author Of / Dispassionate Thoughts / On The / American War / In Which / The Principles and Arguments of that Author / are refuted and the necessity of carrying on that / War clearly demonstrated. / By the Author of Letters to a Nobleman on the / Conduct of the American War; and of Cool / Thoughts on the Consequences of American Independence. / London: / Printed for G. Wilkie, in St. Paul's Churchyard; / and R. Faulder, in Bond Street. / MDCCLXXX. / 8° vii + 76 pp.

11. / A / Dissertation / On The / National Assemblies / Under The / Saxon and Norman / Governments / With / A Postcript addressed to the Dean of Gloucester. / By James Ibbetson, Esq. / Barrister At Law / . . . / London, Printed for R. Faulder, Bond Street. / MDCCLXXXI. / 4° 45 pp.

A four-page "Poscript" to Tucker.

12. / A / Vindication / of the / Political Principles / of / Mr Locke: / In Answer To The Objections Of / The Rev. Dr. Tucker / Dean of Gloucester. / By Joseph Towers, LL. D. / . . . / London / Printed for G. Robinson, Pater Noster Row / MDCCLXXXII. / 8° 113 pp.

13. / An / Union / of / England and Ireland / Proved To Be / Practicable and equally Beneficial to each / Kingdom / With / Supplementary Observations / Relative To The / Absentees of Ireland. / . . . / To which is added / A Collateral Reply to the Dean of Gloucester's Advice to the Irish to trade / with Foreign in Preference to the British / Colonies. / By John Williams, Esq. / Late of Merton College, Oxon. / Author of Constitutional Guide &c &c / London / Sold by G. Kearsley Fleet Street. 1787. / 8°, 50 pp.

Pages 22 to 42 inclusive are directed to Tucker.

III. TUCKER'S CORRESPONDENCES.

1. Correspondence With Lord Townshend.

Six letters by Tucker, ranging in dates from March 12, 1752, to March, 1753. Four replies to Tucker by Lord Townshend are printed with these letters of Tucker. The correspondence dealt freely with economic themes, such as the bounty on corn, infant industries and taxes. In the letter of June 1, 1752, occurs the first reference, by Tucker, to his "great work" which he had then under way.

These letters are published with *MSS.* Marquis of Townshend, in

Eleventh Annual Report Hist. MSS. Commission of Great Britain, Appendix, Part iv, pp. 371 to 379 and 382. See Sessional Reports, 1887, vol. xlvii, pp. as above.

2. Letters to Rev. Dr. Birch.

Forty-three letters, ranging in dates from July 19, 1752, to February 18, 1764. The letters are, like those of the Foster *MSS.*, largely personal and private in their contents. The Bristol elections of 1754 and 1756 and the conditions at Gloucester after Tucker had accepted the Deanship, are described. A number of proof sheets of political pamphlets by Tucker accompany these letters.

See Library Brit. Museum, *MSS* 4319, vol. xx, 818.

3. Letters to Dr. C. N. Forster.

Thirty-eight letters, dating from October 8, 1752, to October 24, 1757. These letters deal mainly with private business matters, Tucker having acted as agent for some property in Bristol, owned by Foster. The Bristol elections of 1754 and 1756 are described.

See Library Brit. Museum, *Add. MSS.*, 11275.

4. Letters to Lord Hardwicke (Philip, Earl of Hardwicke).

Six letters, dating from March 13, 1756, to January 3, 1761. These letters are mainly concerning the Bristol elections of 1756 and Tucker's standing in Gloucester in 1760 and 1761.

See Library Brit. Museum, *MSS.* 35692, f. 130–134–143.

5. Letters to Nugent. (The Honorable Robert Nugent.)

Three letters dated, respectively, August 25, 26 and 31, 1756. All tell about the Bristol elections. A draft of an address to King George, drawn up by Tucker for Bristol subjects, accompanies these letters. All were forwarded to the Duke of Newcastle by Nugent, and were thus preserved in the Newcastle *MSS.*

See Library Brit. Museum, *Add. MSS.* 32867, pp. 127, 195, 197.

6. Letters to David Hume.

I. Dated March, 1758. A reply to Hume's letter to Lord Kames, dated March 4, 1758. These letters discuss the relative trading strength of rich and poor nations. Tucker's letter contains the outline of thought afterwards expanded into *Tract I* of the *Four Tracts*. Tucker claims to have converted Hume to his theory through this correspondence of 1758. (See *Preface* to *Four Tracts*.) Both of these letters are printed in Clarke's *Survey of the Strength ana Opulence of Great Britain* (1799), pp. 20–27.

II. Dated January 16, 1769. Subject, Taxes. This letter is reprinted in full in this volume, see pp. 207 and 208. It was first published in *Letters of Eminent Persons Addressed to David Hume, etc.*, pp. 176–177. J. H. Burton, Editor, Edinburgh and London, 1849.

7. Letter to the Duke of Newcastle.

Dated June 25, 1758. Acknowledges his preferment to Deanery of Gloucester.

See Library Brit. Museum *Add. MSS.*, 32, 881, f. 74.

8. Letters to Lord Kames.

I. Dated July 6, 1758—on comparative advantages for manufactures of a poor and a rich country.

II. Dated October 18, 1761 — on charitable eollections and on the "great work."

III. Dated December 10, 1763—on the "great work" and on the visit to Ireland.

IV. Dated December 26, 1763—on the *Elements of Criticism*, etc.

V. Dated February 15, 1764—on Tucker's writings and literary and other occupations.

VI. Dated June 16, 1782—on Locke's political ideas and on errors in conduct of American affairs.

VII. Dated June 24, 1782—on socage and the Saxon government.

These letters were printed as a few selected from the many written during the long correspondence with Lord Kames—a continuous exchange of letters from 1758 until the death of Lord Kames in 1782. These selected letters are published in vol. iii, pp. 157–183 of *Memoirs of the Life and Writings of the Hon. Henry Home of Kames*, by Hon. Alex. Fraser Tytler.

9. Letters from Turgot.

Two, dated September 12, 1770 and December 10, 1773. The content of these letters was outlined on pp. 226 and 227. They are printed in Œvres de M. Turgot (Paris, 1810), vol. ix, pp. 366–375.

10. Letter to William Seward, Esq.

Dated October 29, 1790. This letter refers to the colonial policy of Great Britain, to the Subscription Controversy, to the American Revolution and to Tucker's approaching "last stage of all."

See Library Brit. Museum, *Add. MSS*, 5419.

IV. REFERENCES[1] UPON TUCKER'S LIFE.

1. *Alumni Oxonienses*.

See vol. of 1715–1886 for Tucker's record.

2. *Anecdotes of Distinguished Persons*, etc. 4th ed. 4 vols. London, 1798. By W. Seward.

See *Preface* of vol. i and last anecdote of vol. ii. Seward introduces this anecdote of Tucker as the only exception to his general rule not to deal with living characters. In excuse for this exception, he says, "a man like Dr. Tucker *omni major eulogio* should be also *omni exceptione major*." [See *Preface*, vol. i.]

3. *Biographie Universelle*. Vol. xlii, p. 240.

[1] There is no definitive biography of Tucker. Of the numerous brief sketches of his life and writings, those in Palgrave's *Dictionary of Pol. Econ.* and in the *Dict. of Nat'l Biography* are the most acceptable. The obituary biographies in the magazines, current at the time of Tucker's death, with Seward's and Nichol's *Anecdotes*, are the chief sources of most of the *Dictionary* and *Encyclopædia* biographies which are not simply re-hashes of preceding *Dictionary* and *Encyclopædia* sketches.

Tucker's own letters, especially those to Forster, to Birch and to Kames, supply biographical material. His will is recorded at Somersett House in London; but it is not autobiographical; it simply bequeaths his all to his widow. His controversial works and occasional sermons indicate where his interests lay at different periods of his life. There are a few direct biographical references in his works, notably in the *Preface* to his *Four Tracts*.

4. *Chalmer's Biographical Dictionary*. Revised edition. London, 1816, Vol. xxx, pp. 59–63.

5. *Dictionary of National Biography*.
Tucker's life is written and his writings estimated by Mr. Leslie Stephen.

6. *Dictionary of Political Economy*. R. H. I. Palgrave, editor. Vol. iii, pp. 588, 589.

7. *English Thought in the Eighteenth Century*. By Leslie Stephen. Vol. ii, pp. 216, 217, 301–304.

8. *Gloucestershire Biographical Notes*. By Joseph Stratford. Gloucester, 1887.
Pp. 129 to 136, inclusive, treat of Tucker's life.

9. *Handwörterbuch Der Staatswissenschaft*. By J. Conrad and others. Vol. vii, pp. 230 and 231.

10. *History of England in the Eighteenth Century*. By Wm. E. H. Lecky. London, 1878. Vol. iii, p. 388.

11. *Imperial Dictionary of Universal Biography*. John Francis Waller. Editor. Vol. iii.
Sketch of Tucker's life by Rev. John Eadie.

12. *Journal of Political Economy*. Vol. ii, pp. 330–347.
An article "Josiah Tucker and His Writings," by Paul Leicester Ford.

13. *Letters From A Late Eminent Prelate To One Of His Friends*. 2d ed. London, 1809. Pp. 403, 443, 444 and 452.
Bishop William Warburton's caustic references to Dean Tucker.

14. Bishop Thomas Newton's *Life Written by Himself*. Vol. ii of *Lives of Eminent English Divines*. London, 1816. Pp. 107–108.

15. *Literary Anecdotes of the 18th Century*. By John Nichols. Vol. iii, p. 428 and vol. ix, p. 295.
An engraving of Tucker in vol. ix, p. 295.

16. *Nouvelle Biographie Genérale*. Vol. xlv, p. 691.

17. *Public Characters of 1798–1799*. 4th edition. Pp. 162–174.

18. *The Annals of Bristol in the Eighteenth Century* (1893). By John Latimer. Pp. 117, 118, 238, 283, 284, 289, 318, 319, 322, 329, 435, 462 and 473.

19. *The Annual Register*. Vol. xl, p. 232.
A statement of Burke's attitude towards Tucker.
Vol. xli (1799), pp. 350–354.
An obituary biography.

20. *The European Magazine.* Vol. i (1782), p. 35.
Uncomplimentary criticism of Tucker.
Vol. xxxvi, pp. 291–293.
An obituary biography. Reproduction of a portrait of Tucker on p. 290.

21. *The Gentleman's Magazine.* Vol. lxxxvi (1799), pp. 1000–1003.
Obituary biography.

22. *The Georgian Era.* Vol. i, pp. 502–503.
Tucker's memoir classed with that of churchmen.

23. *The History of Bristol.* By John Corry and John Evans. Bristol, 1816.
Vol. ii tells the story of Bristol in the Eighteenth Century.

24. *The Life of William Warburton, D. D.* By John Selby Watson. London, 1863. Pp. 496 and 603.

25. *The Monthly Magazine.* Vol. viii (1799), pp. 912–914.
An obituary biography.

26. *The Penny Cyclopædia.* London, 1843. Vol. xxv, pp. 338–341.
An appreciative biography.

2

HISTORY AND CRITICISM OF THE LABOR THEORY OF VALUE

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OF THE
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IN ENGLISH POLITICAL ECONOMY

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ERRATA.

P. 89. 3d line from bottom. Insert " in " before " different times."
P. 92. 6th and 7th lines from top. For " intrinsic " read " extrinsic."

CHAPTER I

GENERAL OUTLINES OF THE HISTORY OF THE LABOR THEORY OF VALUE

1. THE following history of the labor theory of value begins with Adam Smith, not because it is supposed that Political Economy was born with the *Wealth of Nations,* but because no other work written affords so convenient a starting-point to the historian who has no desire to press his investigations into regions too remote from modern interests.

After Adam Smith, the writers to be considered are Ricardo and Malthus, McCulloch, James Mill and Torrens, Senior, John Stuart Mill, and Cairnes. In the next great treatise after that of Cairnes, the *Principles of Economics* of Marshall, there is nothing left of the labor theory of value, except a note at the end of a chapter on the general theory of the equilibrium of supply and demand.[1] This note, "On Ricardo's Theory of Value," endeavors to state the ultimate relations of cost, utility and value in such a manner that Ricardo's explanation of value is made to appear as a statement true as far as it goes, which errs only in being incomplete, and which is completed, not refuted, by the utility theory. This view will be taken up in the last chapter of the present essay. But no separate chapter is devoted to Professor Marshall's work, because, as a matter of fact, the Ricardian labor theory finds no place in the text of his *Principles.* From Smith to Cairnes, the list of writers given

[1] Chap. xiv of book v, 4th ed., 1898, pp. 554–570.

above was selected as well calculated to exhibit the general line of development of English political economy. No attempt has been made to discover writers outside of this list, although it is not denied that such writers may not at present receive due credit for their influence upon the development of economic theory. Making no attempt at what might be called a discursive or *extensive* study of the field, this history will be confined to an *intensive* study of the chief writers. If it be found that certain of the above list of writers contributed nothing but error to the theory of value—and such is the case with three of them—even such a conclusion is deemed to be of historical value.

2. With the limits of our field thus defined, attention should first be called to a fairly prevalent, but mistaken, impression regarding the so-called classical labor theory of value. It is frequently assumed that this theory of value was a simple and absolute dictum, supported in substantial unanimity by a considerable body of writers, called collectively "the classical school." There is, no doubt, sufficient resemblance among these writers in their general tendencies of thought to justify the term "classical school;" but with respect to their views on the central problem of value, it is their differences of opinion that at present need emphasis, just as it is these differences which take the modern reader by surprise when he first undertakes a detailed study of their writings. Instead of finding the minds of the early English economists dominated by a single labor theory, having the merit of great directness and simplicity, the historian of the theory is confronted with an appalling jumble of ideas on the relation of labor to value. Ricardo, it is true, defended the simple thesis that the exchange value of a commodity is governed by its cost of production in labor, but it is sometimes forgotten that he hedged this doctrine about with several important qualifications and conditions. Fur-

thermore, there was not a contemporary or subsequent writer who did not differ from Ricardo in important points of theory. Taking Smith, Malthus, Ricardo, McCulloch, Torrens, and James Mill together, we find labor sometimes conceived of as *disutility cost,* at other times as *productive power,* without any recognition of the distinction between these concepts. Yet this distinction may be of great importance in certain propositions of theory. We find McCulloch at one time claiming that the value-determining labor employed in the production of a commodity includes the operations of machines and inanimate objects, which are "philosophically just as truly labor as human exertions." Torrens maintained that value is governed by cost of production in "accumulated" labor, and James Mill held interest on capital to be really wages of labor, an absurd thought absolutely foreign to Ricardo's theory. In addition to the *labor-cost regulator* of value, there was the *labor-command measure* of value, the measure of the value[1] of a good for all times and places, alleged to be afforded by the amount of labor which could be commanded by it or had in exchange for it. The principal defender of this measure, Malthus, did not believe in the labor-cost regulator. It was asserted that the "value of labor" is the same in all times and places. When this value is inadvertently identified with *exchange value,* which must, of course, be measured by the commodity wages of labor, some highly interesting arguments are necessitated to show that real wages are in some sense or other the same in all times and places, in spite of the fact that, as commonly understood, they are by no means the same. We find a "corn measure" of value first proposed as a convenient index to the true labor measure. But,

[1] Value was in this connection used in another sense than pure exchange value, but the difference of significance was never satisfactorily explained.

strange to say, later we run upon a proposal to take an "arithmetic mean between corn and labor" (*i. e.*, between their prices) as the "least defective measure" of "intrinsic value in exchange." *Cost of production* was used without any distinguishing adjectives to indicate concepts so distinct as entrepreneur's cost and labor cost (presumably "disutility cost"). In consequence there arose a dispute, which was at the time nearly unintelligible, as to whether or not profits (*i. e.*, interest on capital) are a part of cost of production.

3. In the confusion, a few main lines of thought can be discerned. There is a theory of value *regulation*, and there is a theory of value *measurement*, which is, as Malthus and others pointed out, a distinct thing from value regulation. The classical theory of value *regulation* was composed of two separate accounts. That is, these two accounts were of distinct origin and nature, and should have been kept distinct. Instead of this they were more or less fused and the relation between them was always clouded. To this fact is due the great difficulty all must experience in reaching a complete understanding of the classical theory. Though it is for this reason very necessary to give the accounts separate names, it seems impossible to find unobjectionable terms. Professor von Wieser, from whom I have taken the idea that the confusion between these two accounts is the key to the history of the labor theory of value, distinguishes them by the terms "philosophical" and "empirical." [1]

[1] *Natural Value*, edited by Wm. Smart (London, 1893), pp. xxvii–xxix. Von Wieser gives but three pages of the preface of *Natural Value* to the writings of Adam Smith and Ricardo on value. But in this brief though profound passage, he has not only suggested what I believe to be the true interpretation of the theories of Smith and Ricardo, but he has also made the greatest single contribution to our understanding of the subsequent course of English thought on the subject.

Adopting these names, in default of better, the "philosophical" account is the answer of the fathers of modern political economy to the general riddle of value, the riddle of its ultimate nature, or essence. At first blush it would seem that things must derive their value from their usefulness. But almost immediately the mind turns to the fact, which has since "classical" days become such a time-honored illustration, that bread is "more useful" than gold, but much less valuable. The usefulness of bread, as it is here understood, is its general or characteristic usefulness, its usefulness as a class of things, its power to preserve our health and strength. Meditating upon the importance of the entire class of utilities represented by bread, one is led to ignore the question whether the specific utility of a particular piece of bread, in the given circumstances of the supply of bread, is not less than the specific usefulness of a particular piece of gold for purposes of ornament, in the given circumstances of the supply of gold. This is the line of inquiry which leads to the utility theory. But having passed the place where this road branches off, the earlier speculation on value reached the conclusion that things possessing utility have their values determined by their cost in labor. This answer to the riddle seems foreordained, when once Adam Smith's "value in use" is adopted as the sole conception of utility. Elaboration and illustration of this philosophy always leads to primitive and "natural" society, where the hunter and fisherman, rent-free and equal, exchange the products of their labor as measured in days. When, however, the attention turns to the market-price of goods in the actual world, it is observed as a matter of business experience, in contrast with speculation with regard to the essence of things, that the exchange value of commodities tends to equal the sum of the wages of labor, the

"profits" of stock, and the rent of land[1] which must be paid to obtain their production. This is the "empirical" account. The principle discovered is that now known as the law of entrepreneur's costs.[2]

The central idea in the "philosophical" account is that labor-cost is the essence of value. It appeals primarily to the reader's introspective judgment for confirmation. The primitive state of society by which it is illustrated is quite imaginary. The "empirical" account is an outwardly observed tendency of market competition. In the progress of the thought of English economists upon value, the "philosophical" labor-cost account becomes more and more attenuate, until in the *Principles* of Professor Marshall, as before observed, nothing remains of it but a note on "Ricardo's Theory of Value." Professor Marshall's general theory of the equilibrium of normal demand and supply is the classical "empirical" account enlarged and greatly improved, with some of the more general laws of the newer utility theory incorporated into the whole to serve as the ultimate principles of demand. While the "philosophical" account was fading away, the "empirical" account was becoming virtually the whole theory of value. Strange to say, Ricardo contributed very little to the advancement of the empirical account as such. The direct line of descent of this doctrine is traceable from Smith's *Wealth of Nations,* through the *Principles* of Malthus and J. S. Mill, to Marshall. Neither Ricardo nor Cairnes can be considered to stand in the line.[3]

[1] Rent of land was excluded by Ricardo, but included by Smith and Malthus, and also by J. B. Say.

[2] The Austrian writers are accustomed to call this the "empirical law of costs."

[3] The detailed history given in the following chapters will, it is believed, substantiate this view. The development of the law of entrepreneur's costs will be traced only so far as is necessary in order to under-

Adam Smith and Malthus considered ground-rent to be a "component part" of entrepreneur's cost (not that they employed the term entrepreneur's cost), co-ordinate with wages and "profits of stock." Ricardo never stated a law of entrepreneur's cost plainly, formally, as such, though he gave it an obscure recognition as a source of difficulty to the pure labor theory of value. But he influenced its form profoundly, for when the doctrine passed into the hands of J. S. Mill, the latter removed the rent of land from among the elements of cost, leaving wages and interest.[1]

While many points of detail will appear in the following pages, it will be found necessary to trace the relations of the two great accounts of value, the "philosophical" and the "empirical," in the writings of every economist hereafter considered.

stand the history of the labor theory, but it is indispensable to follow the general lines of its progress if we are to perceive the "setting" of the labor theory.

[1] Mill granted certain exceptions to the proposition that rent cannot "enter into price," but placed no emphasis upon them.

CHAPTER II

ADAM SMITH'S PHILOSOPHICAL OR PRIMITIVE ACCOUNT OF VALUE.

1. THERE is a veritable multiplicity of explanations of value in the *Wealth of Nations,* which makes a history of Adam Smith's views on this subject extremely difficult writing. Many a wise or philosophical sort of observation may be correct in a general way, or largely true, and yet not be precisely true. Perhaps the greater part of what Adam Smith has said on the nature of value consists of reflections of this kind, and the student of his text can never be certain that he really planned to describe the laws of value with that precision which modern theory at least hopes to attain. Still there are some exact theorems laid down. The language in which these are expressed is uniformly flowing and makes good reading; but it seems to be more an eloquent appeal against the shallow mercantilist view of wealth, than an attempt at a painstaking analysis of the facts of value. The following thoroughly typical passage from the chapter, "Of the Real and Nominal Price of Commodities, or of their Price in Labor and their Price in Money," is truly a call to people to look away from money as the sole measure of wealth and regard the real source of wealth. But in spite of this it happens to end in a precise proposition or theory of value:

"Wealth, as Mr. Hobbes says, is power. But the person who either acquires, or succeeds to a great fortune, does not

necessarily acquire or succeed to any political power, either civil or military. * * * * The power which that possession immediately and directly conveys to him, is the power of purchasing, a certain command over all the labour, or over all the produce of labour which is then in the market. His fortune is greater or less, precisely in proportion to the extent of, his power; or to the quantity either of other men's labour, or, what is the same thing, of the produce of other men's labour, which it enables him to purchase or command. The exchangeable value of everything must always be precisely equal to the extent of this power which it conveys to its owner." [1]

From which Adam Smith concludes that labor is "the real measure of the exchangeable value of all commodities." The exact meaning of the conclusion, it must be observed, is not plain. If "exchangeable value" meant mere exchange value in the modern sense—the power of a good to exchange for some quantity of another good objectively measured in weight, volume, or length—then money would afford a measure of this value quite as reliable as labor and far more convenient. What is intended by "exchangeable value" is a question we may approach later, but whatever exact meaning we take for this term, we find that the series of general observations preceding the conclusion does not prove this conclusion as a precise proposition. This passage is typical of the chapter. Painstaking study of Smith's theory or theories of value is also made difficult by occasional lapses into very loose terminology. For an instance, we find the sentence, "equal quantities of labor, at all times and places, may be said to be of equal value to the laborer." [2]

[1] *Wealth of Nations*, 2d Thorold Rogers ed., 1880, pp. 31–2. All subsequent page references are to this edition, volume 1.

[2] P. 34.

The context shows that, in all probability, value here means *disutility*.[1]

The several different minor theories of value given by Adam Smith are not woven into a whole by him. The student of his views approaches his great work with a respect that amounts to awe, and it takes time to force himself to the conclusion that there is a part of the *Wealth of Nations* which, though profoundly suggestive, is not entirely consistent. The attempt, instinctively made by the commentator, to find a hidden consistency behind the various incompatible utterances, to discover a hypothesis upon which the contradictions may be declared apparent only, is, according to the belief of the writer, fore-doomed to complete failure.

Within the plurality of explanations of value two main divisions are discernible, the first contained in Chapter V, and the second in Chapters VI and VII of Book I.[2] These are the "philosophical" and the "empirical" accounts distinguished in the first chapter of this essay. The first of these is in its place stated in general terms, as if unconditionally true, but when the empirical account is reached, a considerable part of what had been said previously is restricted to "that early and rude state of society which precedes both the accumulation of stock and the appropriation of land."[3] For this reason what has been called the "phil-

[1] Referring to the words just quoted, Mr. Ingram says: "This sentence, which on close examination will be found to have no definite intelligible sense, affords a good example of the way in which metaphysical modes of thought obscure economic ideas." *History of Political Economy*, p. 94, note.

[2] Chap. v. "Of the Real and Nominal Price of Commodities, or of their Price in Labour and their Price in Money." Chap. vi. "Of the Component Parts of the Price of Commodities." Chap. vii. "Of the Natural and Market Price of Commodities."

[3] P. 49. At the same time many important assertions in the "philosophical account" are not restricted to primitive conditions.

osophical," may, in the case of Adam Smith, also be called the "primitive" account of value.

2. Preparatory to taking up the philosophical account, a few words on the use of the terms labor and value are pertinent. The word *labor,* now as formerly, denotes really two distinct, though related, things. One is the *productive power* of human beings. For instance, labor and natural agents are called factors in production, or it is said that the entrepreneur purchases labor. The other is the *disutility* or *discomfort* endured by men in the course of production. as in the sentence: "This article has cost me much labor."[1] Productive power may be accompanied by no disutility, or by moderate or high disutility, according to circumstances. Labor is used in both senses by Adam Smith. As for the word *value,* Smith explains at the outset that the term has two meanings, "value in use" and "value in exchange," and restricts his investigations to the principles of the "exchangeable value." This is defined as the "power of purchasing other goods" which an object "conveys" to its owner.[2] But Adam Smith does not explain nor appear to realize that he uses the term "exchangeable value" in two senses. When he asserts that the "real worth" of anything to a man "is the toil and trouble which it can save himself, and which it can impose on other people," and that therefore labor is the real measure of the "exchangeable value of all commodities;" "exchangeable value" means something other than mere purchasing power. Writing

[1] It is true that an article's cost in labor may instead mean its cost in productive power. The cost in this case is at bottom the utility of some other article which might have been created by this productive power had it not been employed in making the first article. In the same sense we speak of a thing as costing money.

[2] P. 29, in chap. iv.

nearly a century later, Menger said that value is that significance (*Bedeutung*) which a good attains in our estimation when we feel the satisfaction of some want to be *conditioned* upon it. This is "*esteem* value," or value as *Bedeutung*. Smith's concept, of value as "real worth," which he has miscalled "exchangeable" value, is something analogous to this. But Smith finds the significance in labor instead of in satisfaction.[1]

3. Turning now directly to the "philosophical" account, we find the multiplicity of Adam Smith's explanations of value illustrated once more by the fact that within this chapter he suggests two distinct labor standards. One is given as a *regulator* of value, a something which quantitatively governs value. The other is merely a *measure* of value. There is no adequate discussion of the mutual relations of the two. Both appear in the following sentence:

> "What everything is worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose on other people."[2]

The "toil" saved "to himself" must be the labor cost of reproduction, not distinguished by Smith from cost of production. The two standards are asserted separately. In an early and rude state of society,

> "the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance

[1] It has been suggested by many writers that the germ of practically every theory of value is found in the *Wealth of Nations*. That is probably true, if we except the utility theory, which associates quantity of value with *quantity of utility*, a conception absolutely foreign to Adam Smith's thought.

[2] P. 31.

which can afford any rule for exchanging them for one another." [1]

And

"at all times and places, that is dear * * * * which it costs much labour to acquire." [2]

And again:

"The value of any commodity to the person who possesses it [and wishes to exchange it] is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities." [3]

The first of these, in accordance with which it is asserted that value is governed (in the philosophical primitive conditions) by cost in labor, may be called the *labor-cost standard*. The second finds a convenient name as the *labor-command standard*.[4] The two play separate and important parts in the subsequent history of the labor theory of value. Ricardo adopted the labor-cost standard as applicable to the conditions of advanced or capitalistic society and repudiated the labor-command measure. Malthus, on the contrary, defended the latter and rejected the former.[5]

[1] P. 49. [2] P. 34. [3] P. 30.

[4] In this instance the word "standard" is used in a sense sufficiently general to include a regulator (*i. e.*, a measuring cause) and a mere measure. A standard is "1. Any measure of extent, quantity, quality or value." . . . "2. Any fact, thing or circumstance forming a basis for adjustment and regulation." *Standard Dictionary*.

[5] What Adam Smith has to say of the relation of these standards, one to the other, comes in connection with the account for advanced society, where he discards the labor-cost standard but retains the labor-command measure.

4. Since the amount of the value of a good is asserted to bear certain definite relations to the amount of labor it costs or commands, it is a very proper question to inquire how quantity of labor is measured in any particular case. Adam Smith remarks that the quantity of money for which a good can be exchanged is "a plain palpable object," but that the quantity of labor which it commands, indirectly through the use of money is "an abstract notion, which, though it can be made sufficiently intelligible, it (*sic*) is not altogether so natural and obvious." [1] He suggests, in that most excellent and familiar Smithian sentence, that the proportions in which different concrete kinds of labor exchange (or count for quantity of labor in general or in the abstract) are

> "adjusted not by any accurate measure, but by the higgling and bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life." [2]

Nevertheless there are certain principles which enable us to define quantity of labor in a general way. Time alone spent at a task does not determine the quantity of labor put forth. The different degrees of hardship endured and of ingenuity exercised in different employments must also be considered.

If we should assume for the moment that there were exact units of disutility and skill as of time, Adam Smith's theory would signify that the quantity of labor in any particular case is measured by time units weighted with units of disutility and of skill. The amount of two different kinds of labor commanded in exchange by any commodity depends upon the wages commonly earned at these kinds of labor. If a certain commodity, worth such and such a sum of money, commands in exchange one day of labor in em-

[1] P. 32. [2] *Ibid.*

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ployment A and two days in employment B, Adam Smith would be forced to assume that one day of A is the same quantity of labor as two days of B. At bottom, then, the theory means that one day of A is the same quantity of labor as two days of B, because these two pieces of labor get the same wages.

Taking it for granted that the amount of wages paid (under competitive conditions) is a true test of the *quantity* of labor in any given concrete task, we shall find some further speculation on this question if we turn to the famous chapter upon the inequality of wages in different employments.[1] In this chapter there is a suggestion that the extra reward for skilled labor is a disguised payment for superior disutility. The following analogy drawn between skill and a machine has been used by many later writers:

"When any expensive machine is erected, the extraordinary work to be performed by it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man educated at the expense of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expense of his education, with at least the ordinary profits of an equally valuable capital. * * * The difference between the wages of skilled labour and those of common labour is founded upon this principle."[2]

Thus skill represents disutility incurred in its acquisition, and the surplus reward to skill is virtually reward to disutility in a form bearing analogies to interest. This is for acquired skill. What is to be said of inborn skill, of native

[1] Chap. x, of book i.

[2] P. 106.

superior talents? This question apparently escapes Adam Smith. Uniformly, the tacit assumption underlying his thought seems to be that of the inborn equality of powers in men. Keeping this assumption in mind, we see that Smith's view amounts to the theory that all occupations are about equally well rewarded, all things considered. Higher wages are paid only where there is more labor, ultimately in the sense of *disutility*. The *inequalities* of wages are such only in proportion to the *time* of labor.[1]

To give a mid-chapter summary of results—put together by ourselves rather than by Smith—if the exchange values of goods are to be governed by the quantity of labor which they have cost, and the "real worth" of goods is to be measured either by the quantity of labor they have cost or by that which they can command in exchange, there must be some means of defining the *quantity* of labor in different employments. Adam Smith has made this depend, in the first instance, upon time compounded with amounts of disutility and skill. But he has further suggested that the element of skill really represents a past disutility. The principal assumption involved is that all occupations are competed for by men born equal in efficiency. If he did not clearly avoid the appearance of laying down hard and fast principles, we could conclude that he meant *quantity of disutility* by quantity of labor.

5. The dictum that labor is the means of measuring the "real worth" of goods does not, I believe, necessarily in-

[1] In one place Smith puts forward a naive and uncritical explanation of the reward to skill, comparable to his explanation of the division of labor as due to a propensity of men to truck and barter. "If . . . one species of labour requires an uncommon degree of dexterity and ingenuity, *the esteem which men have for such talents will naturally* give a value to their produce superior to what would be due to the time employed about it." P. 49.

volve the notion that this measure can be used to compare the value of a good in A. D. 1400 with its value in 1800, or its value in China with that in England. An important part of the chapter on the real and nominal price of commodities is given over to the claim that labor furnishes an "invariable measure" of value in all times and places. Money, the most convenient measure of value in a given time and place, varies in its value in different times and places. But

"Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer. In his ordinary state of health, strength and spirits, in the ordinary degree of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness. The price which he pays must always be the same, whatever may be the quantity of goods which he receives in return for it. * * * Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared." [1]

In this passage the misuse of the word value is flagrant, but the meaning is plain. No matter what be the physical quantity of goods which a day of labor either produces or earns as wages, the value of these goods, in the sense of *significance* to human welfare, is the same, *because* they cost the same amount of disutility. The person who purchases labor commands it sometimes with a greater and sometimes with a lesser amount of goods:

"It appears to him dear in the one case, and cheap in the other. In reality, however, it is the goods which are cheap in the one case and dear in the other." [2]

[1] P. 34. [2] *Ibid.*

The question of an absolute measure or unit of value (whether it is incapable of solution or not) is one which will be avoided in this essay as far as exhaustive or critical discussion is concerned. The purely statical part of the classical theories of value is best considered in isolation, and furthermore the question of an absolute measure is one of such extreme difficulty that it would require a separate essay of much greater dimensions than this history. Malthus examined the question at great length, and Ricardo paid some attention to it. A brief résumé of the classical discussion of this problem will be found in the note at the end of Chapter VII.

It may be of interest to note that Adam Smith virtually contradicts the assertion made in the citation last given by his statement four lines later: "The labourer is rich or poor, is well or ill rewarded, in proportion to the real * * * * price of his labour."[1] This leads to irreconcilable contradictions. Smith has said that a man is rich or poor according to the quantity of labor which his goods enable him to command. That is, the "real value" of a thing is measured by the amount of labor for which it will exchange. Thus a man is rich or poor according to the "real value" of his possessions. A changing physical quantity of goods will have the same "real value" if it command the same quantity of labor. Therefore a given quantity of labor must always exchange for the same amount of *riches* in the sense of this word employed by Smith. If the real wages of a day of labor must always be the same quantity of riches, how can the laborer be richer or poorer according as the physical quantity of the goods of his real wages increases or diminishes? It might be said that Smith means that the laborer will be richer in life's en-

[1] P. 35.

joyments if he receives a larger physical quantity of goods as wages. But Smith is estopped from such a statement because he has affirmed that the measure of *riches* is command of labor or cost in labor, that the more or less of riches can be discovered only by the more or less of the labor commanded by the goods composing the riches.[1]

It is necessary to mention Adam Smith's so-called corn measure of value. Ricardo says, referring to Smith, that "sometimes he speaks of corn, at other times of labour, as a standard measure."[2] The impression thus given is erroneous. Corn is not selected as a standard coördinate with labor, but is merely singled out from among commodities as being a convenient practical index of the real or labor standard. The practical question of corn-rents was interesting and called for some mention. Smith believed that a given quantity of grain possessed more nearly a constant value in different times than most commodities, merely *because* corn is likely to remain from age to age in a steady exchange ratio with *labor*.[3]

[1] In criticising the labor-command standard of Smith, Ricardo has made virtually the same point as the above (pp. 8–14, Gonner ed. Ricardo's *Principles*). By *riches* Smith cannot mean what Ricardo means by this term in his famous chapter on the antinomy of value. (Chap. xx, "Value and Riches, their Distinctive Properties.") If by reason of scarcity, wine should come to command in exchange more labor than formerly, Smith would have to say that a given quantity of wine becomes more riches. This Ricardo would not say.

[2] *Principles*, p. 8.

[3] P. 36. The following passage (p. 38) exhibits perfectly Smith's general theory of the relation of labor, the precious metals, and grain to value as a dynamic problem. "Labour, therefore, it appears evidently, is the only universal as well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities at all times and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of silver which were given for them. We cannot estimate it

from year to year by the quantities of corn. *By the quantities of labour we can, with the greatest accuracy, estimate it both from century to century and from year to year.* From century to century corn is a better measure than silver, *because* from century to century equal quantities of corn will command the same quantity of labour more nearly than equal quantities of silver. From year to year, on the contrary, silver is a better measure than corn, because equal quantities of it will more nearly command the same quantity of labour."

CHAPTER III

THE EMPIRICAL ACCOUNT OF ADAM SMITH.

1. In the splendid chapters on the "Component Parts of Price," and the "Natural and Market Price of Commodities," Adam Smith flees the more speculative questions of the philosophical essence of value, and turns to that most important, but relatively proximate, principle of exchange value in the modern market, which we now call the law of entrepreneur's costs. It is beyond the scope of this history to follow him through his analysis of the component parts of this cost, called by him the "component parts of price," into wages, profits and rent. The "natural" or "necessary price" is the sum of these components, and is the center toward which actual market-price is always tending. With Cairnes, we now call this by the better term, "normal market value." Nor can we trace the thought into the subsequent separate chapters on "Wages," "Profits," and "Rent of Land," where Adam Smith presents what is probably the earliest attempt at a systematic theory of distribution.

We are concerned only with the fact that in the "empirical account" Adam Smith shifts his ground on the question of the relation of labor to value. While dwelling upon the hypothetical primitive conditions under which the essence of value is supposed to be laid bare, he proposed the *labor-cost* and the *labor-command* standards without a word as to their mutual relations. But as he approaches the problem of value under advanced conditions, he both explains his

view of the relation of these two standards, and abandons the first one, that of labor cost. In the primitive state of society, the labor cost of a commodity *determines* the amount of labor commanded by it in exchange. The two amounts of labor must "naturally" be the same. The "whole produce of labour," then, belongs to the laborer, and no profits or rent exist to destroy the proportionality between labor-cost and value. But in society as now constituted, it is different.

"The whole produce of labour does not always belong to the labourer. He must in most cases share it with the owner of the stock which employs him. Neither is the quantity of labour commonly employed in acquiring or producing any commodity the only circumstance which can regulate the quantity which it ought commonly to purchase, command, or exchange for. An additional quantity, it is evident, must be due for the profits of stock," (and the rent of land.) [1]

2. In a word, value in exchange is no longer proportionate to labor-cost, because the value of a commodity must now contain elements which remunerate not only the labor, but also the capital and land employed in its production. Nevertheless, the "real value" of such a commodity produced in advanced society is measured by the labor which that commodity will command in exchange.

"The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour, which they can, each of them, purchase or command. Labour measures the value not only of that part of price which resolves itself into labour, but of that which resolves itself into rent, and of that which resolves itself into profits." [2]

[1] P. 52. [2] P. 52.

The inaccuracy of expression in this passage is gross. Without scrutiny of the context one would certainly fail to get an idea from the astonishing words that "*labour* measures the *value* of that part of *price* which resolves itself into *labour*." In the first place, for the last word "labour," *wages* should be substituted. Labor is neither a share in distribution nor a "component part of price." The meaning of the passage is that the "real value" of a commodity, even in advanced society, is measured by the amount of labor which can be had in exchange for it, in spite of the fact that its value in exchange is no longer in proportion to its *cost* of production in labor. In the above citation, Adam Smith means to assert that the "real value" of any concrete income as a share in distribution is measured by the amount of labor it will command.. Thus the "real value" of the rent of a plot of ground would vary through time, according to the number of days of labor that could be purchased by it in the different years. As a theory of value to apply to actual life, Adam Smith left us an early form of the law of entrepreneur's cost and a labor-command *measure of value*. But he disowns what is naturally thought of as the genuine classical labor theory of value, that labor-cost regulates market-value. This theory was Ricardo's, and really his alone.[1]

[1] McCulloch and James Mill were but satellites of Ricardo.

CHAPTER IV

CRITICISM OF THE THEORIES OF ADAM SMITH.

1. In this chapter it is the intention to examine more fully the reasoning by which Adam Smith sought to establish his main contentions concerning the relation of labor to value. As for a proof that, under "philosophical" primitive conditions, goods would exchange in proportion to their costs in labor, none is given. It is considered obvious that this would be true:

"It is natural that what is usually the produce of two days' or two hours' labour, should be worth double of what is usually the produce of one day's or one hour's labour." [1]

In support of the theorem of the *labor-command standard,* however, in contrast with that of labor-cost, he makes a show of argument, which is contained in the following quotation:

"Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of those with

[1] P. 49. Torrens, in his *Essay on the Production of Wealth,* has worked out with great pains a form of proof of this proposition. It is exhibited in a series of dialogues between primitive producers to show that an exchange of goods at a ratio out of proportion to labor-costs is incompatible with recognized motives of trade. His proof is good enough under the tacit assumptions which he makes, including all the conditions of the perfect type of fictitious primitive society used by classical writers.

which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him *to purchase or command.* Labour, therefore, is the real measure of the exchangeable value of all commodities." [1]

This passage permits of but one interpretation. If I am rich, in the sense of owning things with a money price or exchange value, in proportion to the quantity of labor which, by means of these things, I can purchase or command, *quantity of labor* here can mean but one thing, namely, quantity of *productive power* as opposed to quantity of toil, pain, subjective sacrifice, or disutility. In society, I am supplied with this world's goods virtually in proportion to the amount of productive power of labor at my call; and this amount is asserted to be the true measure of value. This we may describe as a view of *labor as potential commodity.* Labor to be performed is commodity in the making. What kind of commodity it shall be in the particular case depends upon the will of him who has command over the labor. A later sentence bears out this explanation perfectly:

"[A person's] fortune is greater or less precisely in proportion to the extent of this power [over labor]; or to the quantity either of other men's labour, or, what is the same thing, of the produce of other men's labour, which it enables him to purchase or command. The exchangeable value of everything must always be precisely equal to the extent of this power which it conveys to its owner." [2]

[1] P. 30. [2] P. 32.

This signifies, then, that the value of any article to its possessor must be measured by the amount of labor which it can command in exchange, *because* this labor is the means of obtaining valuable articles in general. To Smith, labor is the great homogeneous, undifferentiated, common denominator to the wonderfully diverse mass of goods which come into existence out of it, and the value or "real worth" [1] of each of these goods follows the quantity of the source-stuff turned to its production.

2. The law of supply and demand and the law of entrepreneur's cost are proximate empirical principles which, although possibly of much more practical importance than a philosophy of value, do not give an ultimate explanation of the riddle of this phenomenon. Adam Smith's theory of labor as "potential commodity" is an attempt to give an ultimate explanation, but as such it should be judged a failure, for it really avoids the question of ultimate explanation. It begins: "Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life." Air is a necessity to human life, but a man is not rich in proportion to the quantity of air he can command. The object of this statement is not to make a carping criticism of Smith, but only to point out that by "necessaries, conveniences and amusements" he means here solely such of these things as have economic value. Since he has already passed judgment that the *economic quantity* of these things is completely independent of the *quantity* of their utility, he sees no way of measuring these things, as economic quantities, except by looking to their origin in a measurable and, as he

[1] When Smith speaks of "exchangeable value" as being measured by power to command labor, he is using the only term he has to stand for any or every concept of value distinct from the "value in use" or general utility of free goods.

believes, homogeneous something called labor. In criticism of this we have but to note that if the only means, or the first means, of determining the *economic quantity* of a physical complex of goods were by measurement of the labor turned to its making, the economic system of things would be turned upside down. If the value of the articles produced for me by that part of the labor of society over which I have command, can be determined solely by reference to the quantity of this labor, I am left without the slightest guidance for the application of this labor under my direction. The truth is, the command or direction of labor necessarily implies the ability to estimate *values* independently of the quantity of labor employed in the production of them, previously to its employment. Value is the guiding-star to labor. How can the point of attack of labor against the physical environment be selected unless the results to be expected in different cases can be compared in value, independently of the quantity of the labor? If the quantity of labor determined the value, it would make no difference where the labor was turned; the value of the result would always be the same. Turned in an indefinite number of directions, labor will produce no value whatsoever; turned in certain directions it will bring forth the maximum value of which it is capable. It is one of the main functions of the entrepreneur in modern economic society to turn labor-power in the directions of maximum value return. All these things are perfectly obvious, yet value theorists uncounted have ignored them. Quantity of labor-cost, even when conceived of as being an entity of superior homogeneity to quantity of satisfaction, cannot be the first or fundamental means of measuring value.

The view that cost is the essence of value is thus obviously irrational, and no escape from this difficulty is afforded by the concession made explicitly by Ricardo, and

after him by Marx, that utility is a *condition* prerequisite to value. The problem of directing labor in production is a question of *how much* labor can be economically employed in making such and such a useful thing. In the theories of Ricardo and Marx, the *quantity* of value is held to have no relation to the *quantity* of utility, but to be determined by the quantity of cost. There must be a quantity of utility to which the quantity of productive power destroyed in its obtainment is adjusted. Utility properly conceived, there is such a quantity, and value is its measure.

3. In the first general argument for the labor-command standard, Adam Smith seems to regard labor solely in the aspect of productive power; but, as the reader will recall, we do not advance far in his many-sided discussion before we encounter labor as *disutility*. Labor is later said to be an "invariable measure," because it stands for a constant amount of hardship. Beyond a doubt, *disutility* is associated with value (as "*Bedeutung*") in some very intimate relation.[1] This is, at bottom, the explanation of the remarkable vitality of the labor theory, even in forms that are absurdly incorrect.

If it is my labor which is commanded in exchange by a given commodity, the personal value to me of this commodity for which I have given my labor might well be carried in my mind in terms of the disutility it cost me. So, in a general way, if the amount of some kind of commodity which can be bought by a day's wages (*i. e.*, which "commands" a day's labor) alters, the significance of this commodity to wage-earners in general will alter. Some persons might conceive the change in significance chiefly in

[1] Its relation to pure objective exchange-value is another question. In Chapter xi of this essay will be found a summary discussion of the relation of disutility cost to value.

terms of altered disutility cost. This fact is probably considered by statisticians when they investigate questions of real wages, or changes in family budgets. But Adam Smith's proposition that labor commanded in exchange is a precise and invariable measure of "*exchangeable* value" is not a good form of stating so mild a principle.

Further discussion of this subject must be attended by extreme difficulties. For in endeavoring to ascertain what Smith meant, or "ought to have meant," we encounter the difficulties due to the laxness and paucity of Smith's explanations superposed on the difficulties inherent in this intricate subject. His various expressions suggest that his labor theory of value means more than the thought that the disutility of each person's labor may measure the "subjective" value *to that person* of commodities obtained by him in exchange for his own labor.[1] Smith speaks of labor as the "real measure of exchangeable value." The exchange-value of a commodity in a given market is the same, whoever its owner may be and whatever may be his needs, or the relation of this commodity to his particular needs. This relation may give it value *to* him; but we would never speak of the commodity's exchange-value *to* him. This independence of market-value from the particular needs of the particular owner is one of the things desired to be conveyed by the Austrian economists in their term, "*objective* exchange-value." Now Smith fails to distinguish between the "real worth" of goods and their "exchangeable value." There can be no doubt that he would be quite willing to speak of the "real exchangeable value" of a good as being that which is measured by labor.[2] Thus, I be-

[1] The thought in the "final disutility" theories of Gossen, Jevons and Clark, independently worked out by these writers.

[2] These very words were later used by Malthus in his defense of the labor-command standard.

lieve, Smith conceives of a "real worth" independent of worth to any particular person. This "real worth" in a good is measurable by the labor commanded in exchange for the good, because, as he first suggests, labor, as productive power, is the homogeneous source-stuff of commodities. But secondly, the suggestion enters that a unit of labor is also a unit of disutility, a unit assumed to have an independent and invariable significance. This kind of real worth and such a unit of disutility are compounded abstractions. No one can hold it against a concept, except in the infancy of thought, that it is an abstraction, but, after my best effort, I for one cannot see that these concepts are meaningful abstractions.

If we grant this conception of "real worth," and the conception of a unit of disutility in general, distinguishable in the different labors of different persons, we still find difficulties ahead. The same commodity may exchange for two days of common labor or one day of skilled labor. Either of these is the quantity of labor commanded in exchange. According to Smith's conception, either must measure its "real value." Now the fact is, one day of skilled labor ordinarily involves *less disutility* than two days of common labor.[1] Competitive wages are paid in proportion to *efficiency,* not in proportion to disutility. A given piece of labor will count as a great or small quantity when commanded in exchange in proportion to the wages paid for it. It is then a difficulty with Smith's labor-command standard

[1] In this sentence we do not assume the commensurability of disutilities incurred by different persons, but the commensurability of the disutilities incident to different occupations. Thus we should all be willing to say that the steamship stoker's position means harder labor than that of the chief steward of the dining room, but we may be supposed to judge this by comparing our own (imagined) labor as a stoker with our own labor as steward.

that he implies that labor derives its capacity to serve as a measure of real value from its disutility, while the same commodity will command *different* disutilities in different exchanges. The attempt to reduce skill to disutility by urging that the higher wages of skill are in proportion to the disutility of acquiring the skill is futile. The tendency of the wages of skilled labor to proportion themselves to the comparative disutility of that labor—*i. e.,* to the sum of the disutility daily felt plus some share or other of the past disutility cost of acquiring the skill—is so completely submerged beneath other forces that it is negligible. In addition to this, much skill is not acquired, but is inborn without having entailed any disutility cost of acquisition to its possessor.

To conclude with this question, so far as Adam Smith means to suggest that the economic worth of a good to a given person can be measured *by him* in terms of its disutility cost *to him,* the position and some of its consequences mentioned above are well taken. Smith's theory, however, failed to penetrate the problem as do later theories of the final equivalence of utility and disutility. But the implications of his arguments further than this seem incapable of defense.

4. Adam Smith states that since under the division of labor any man must derive almost all his necessaries, conveniences and luxuries from the labor of other people, he must be rich, in the sense of possessing things of value, in proportion to the quantity of this labor which he can command. The assumption implicit in this is that the quantity of labor expended upon the production of things for this man, *as labor-cost,* determines their values. For if the economic goods obtained by him from the labor of others, which he is enabled to command, should have values out of proportion to the quantity of labor so commanded, namely,

their labor-cost, this man would not be rich or poor merely in proportion to the labor which he commands. Since, therefore, the labor-command standard of value is made to depend upon labor-cost regulation of value, according to the principal argument advanced by Smith, it follows that Smith is really estopped from applying the labor-command standard as he does under the conditions of advanced society. For he himself has stated that labor-cost regulation of value fails under these conditions.

Adam Smith's *empirical* account of value by no means made future improvement of statement impossible, but it was an excellent theory of proximate principles. His *philosophical* account was an unsystematic body of suggestions, so filled with difficulties that it is doubtful if the present writer has been able to keep his interpretation and criticism of this account free from fallacy. The carrying over of the labor-command standard of value from the philosophical to the empirical account seems only to introduce an impurity into the latter.

CHAPTER V

RICARDO AND THE TRUE CLASSICAL LABOR THEORY

1. It is not incumbent upon the historian of a single doctrine to pass judgment upon the question of the proper position of Ricardo as a general economist, compared with Smith and Malthus. But since, in the following chapter, we shall be led to find much fault with Ricardo's method of exposition of the theory of value, it is necessary to state at the outset that Ricardo's writings on value possess the distinctive merit, in contrast with those of Smith and Malthus, that they can be reduced to a whole, essentially self-consistent in its large lines. Self-consistency is not the sole test of truth, and this praise does not signify that Ricardo's is a correct theory, but the longer one studies Ricardo the more satisfactory does his text become, up to the point where one believes he has obtained a complete understanding of it. On the other hand, it is a task of supreme difficulty to read Ricardo critically. His inconsistencies in the use of terms are most trying. It is remarkable that the final result of his reasoning was on the whole self-consistent. The commentator is inclined to quote Senior with approval when he remarked that Mr. Ricardo "is perhaps the most incorrect writer [*i. e.*, in the use of terms] who ever attained philosophical eminence." [1] The point of greatest weight in the labor theory of value, after the vestibule of the subject has been passed through, is treated with a maladroitness which

[1] *Political Economy*, p. 115.

has made a matter that is not over-difficult in itself very hard to understand. This is the theme of sections IV and V of the chapter on value, and is, indeed, in another guise, the difficulty arising out of the "organic composition of capital," which, under this name, becomes the main point of theoretical interest in the third volume of Marx's *Das Kapital.*

There is abundant evidence that Ricardo himself considered the theory of value to be a very hard problem, and furthermore that he was not completely satisfied with his own treatment of it. As late as 1823, he wrote to McCulloch:

"The difficult subject of value has engaged my thoughts, but without my being able satisfactorily to find my way out of the labyrinth." [1]

Earlier he wrote to the same disciple:

"I am not satisfied with the explanation I have given of the principles which regulate value." [2]

Some things have a value which is obviously not regulated by labor cost. Concerning these, Ricardo wrote:

"I cannot get over the difficulty of the wine which is kept in the cellar for three or four years [*i. e.,* while constantly increasing in exchange value], or that of the oak tree, which perhaps originally had not 2 s. expended on it in the way of labour, and yet comes to be worth £100." [3]

2. The writer of the present essay has already acknowl-

[1] *Letters of Ricardo to McCulloch*, p. 153.

[2] *Ibid.*, p. 132.

[3] *Letters to McCulloch*, p. 153. This shows that Ricardo was not satisfied in principle with his treatment of the value of scarcity goods.

edged his indebtedness to Professor von Wieser for suggestion of the means of interpreting the main lines of the history of the labor theory. Professor von Wieser's terse judgment of Ricardo's writings on value is contained in the following sentences:

"What, then, did Ricardo attempt? His whole endeavor exhausted itself in trying to show that the philosophical and the empirical theories of Adam Smith—both of which, indeed, in taking up this position he had to clear and carry further—did not contradict each other so much as at first sight would appear."[1]

The manner of putting this is objectionable, in that it implies, I believe, an improper subordination of Ricardo's theory to that of Smith. While Ricardo quotes Smith freely, his exposition of the subject of value is in no sense a summary and criticism of Smith's views. On the contrary, he writes with a remarkably independent spirit. It is, nevertheless, true that the principal part of the reasoning of Ricardo is concerned with the adaptation of the empirical account of value to the philosophical, that is, to the philosophical account as he understands it. These two accounts are almost inextricably entangled in Ricardo's work, but their disentanglement is the sole method of exhibiting the ultimate purport of his reasonings. For, in essence, his theory is as follows: The value of those things whose value is subject to an ascertainable principle depends on their cost of production in human labor. (The value of pure scarcity goods which cannot be increased in quantity by the application of common human labor simply "varies with the varying wealth and inclinations of those who are desirous to possess them."[2] If subject to no law of value, these goods

[1] *Natural Value*, Author's Preface, p. xxviii.

[2] *Principles*, Gonner ed., p. 6.

are also, in Ricardo's view, unimportant.) Labor cost is the kernel of value, so far as it seems to have a kernel. This is the philosophical account. Smith's labor-command measure is condemned at the outset. There is little doubt that labor is here conceived as disutility, though Ricardo does not pause to discuss the concept of labor. But Ricardo's theory ends as an empirical doctrine, in which labor-cost figures as the regulator of exchange value only because it is conceived to be the all-important element which governs the amount of entrepreneur's expenses of production. Smith abandoned the labor-cost regulator for real society because he observed that the "necessary price" of a market commodity, or the price determined by its entrepreneur's cost of production, must cover payments for rent of land and interest on capital as well as wages of labor. Not so Ricardo. He holds fast to the labor-cost standard, upon the belief that rent does not "enter into" this necessary price, and that the taking of interest causes only a negligible variation of money cost from proportionality with labor cost. The discussion of this variation is the most involved part of his writings. The end is an imperfect reconciliation between the empirical and philosophical accounts.

3. The simpler and more familiar parts of Ricardo's theory may be considered first. His doctrine, it should be observed, is by no means absolute or unconditional.

(1) Utility is a condition essential to value, but no more. The quantitative discrepancy between utility and exchange value seems as obvious to Ricardo as to Smith. In a letter to Say he expressed his whole theory with respect to utility even a little more concisely than in the *Principles:*

"The utility of things is incontestibly the *foundation* of their value, but the degree of their utility cannot be the measure

of their value." "The difficulty of [a thing's] production is the sole measure of its value." [1]

When arguing against Smith's corn-measure in Chapter XXVIII (Gonner ed.), our author exclaims: "What can value have to do with the power of feeding and clothing?" as if the instantaneous answer should be, "Nothing whatever." This curious slip is mentioned only to show how far utility was removed from value in Ricardo's habitual thought.

(2) "Possessing utility, commodities derive their exchangeable value from two sources: from their scarcity, and from the quantity of labour required to obtain them." [2] This proposition has occasioned the claim of the "Austrian" writers that the Ricardian theory of value is "dualistic." Not all economists have acquiesced in this criticism, for there are those who hold the labor-cost and utility theories to be but two parts of one larger, consistent, whole. Among these latter economists, one of the most uncompromising in his attitude is Professor Heinrich Dietzel, of Bonn, who asserts that Ricardo's explanation is not dualistic, because the utility and cost views are perfectly reconcilable.[3] Still it appears fair to say that, whether or not some later writer can construct a theory which is itself not dualistic and which is still in inner harmony with what Ricardo *meant* to say, what Ricardo said was dualistic. Textually, formally, his proposition is dualistic, for an intelligent contemporary reader would interpret his thought as such. Commodities derive value from two sources, and the law of the one kind has no applicability to the other kind of goods.

[1] J. B. Say, *Mélanges et Correspondance d'Économie Politique*, Paris, 1833, pp. 93–4.

[2] *Principles*, p. 6.

[3] Dietzel, *Theoretische Socialökonomik*, Leipzig, 1895, pp. 228–30.

(3) The value of scarcity goods is "wholly independent of the quantity of labor originally necessary to produce them." This is because "no labor can increase the supply of such goods." These commodities are, however, an unimportant element in the market.

(4) The labor-cost regulation of values applies only to goods in the production of which competition acts without restraint.

4. The doctrine that, with the foregoing conditions understood, the exchange value of commodities is governed by the comparative quantity of labor required for their production, involves a number of questions with respect to the manner of determining *quantity of labor*. Ricardo did not carry his inquiry into these questions as far as modern critics of the labor theory have pressed theirs, but in the course of his writings he made three important observations on this subject.

(1) In the first place, Ricardo distinguishes between *quantity* and *value* of labor. J. B. Say had in various places endeavored to state Ricardo's position as being that the *value* of labor determines the value of its products, for in this form the doctrine can easily be shown to involve a circle. Ricardo wrote to Say:

"You misrepresent me * * when you say I consider the value of labour to determine the value of commodities; I hold, on the contrary, that it is not the value, but 'the comparative quantity of labour necessary to production which regulates the relative value of the commodities produced.'" [1]

The purport of this—though not so explained by Ricardo—is that the quantity of labor which an entrepreneur is compelled by the nature of a good to employ to produce that

[1] Quoted in *Letters of Ricardo to Malthus*, p. 165, n.

good, determines the amount of wages he has to pay for its production. As far as this single point goes, the answer to Say is satisfactory.

(2) When Marx came to the question of skilled labor, he called it simply "condensed labor." It goes without saying that he judged the degree of the condensation of any concrete skilled labor purely by its comparative wages, or exchange *value*.[1] Ricardo's treatment of skilled labor is even less satisfactory than Marx's. He says:

"If a day's labour of a working jeweller be more valuable than a day's labour of a common labourer, it has long ago been adjusted, and placed in its proper position in the scale of value." [2]

What has long ago been adjusted? In definite words our author does not say, but his meaning is ascertainable.

"If a piece of cloth be now of the value of two pieces of linen, and if, in ten years hence, the ordinary value of a piece of cloth should be four pieces of linen, we may safely conclude, that either more labour is required to make the cloth, or less to make the linen, or that both causes have operated." [3]

If the exchange ratio of cloth to linen alters, the doctrine is that the cause must be that some change has taken place in the quantity of labor required to produce cloth or linen, and *not* that the "value" of a linen-maker's day of labor has changed in ratio to the "value" of a cloth-maker's day. In other words, if ten

[1] For this he is accused of reasoning in a circle. As far as any defense by Marx himself is concerned the charge goes home. Assuming the productivity theory of wages (which is entirely inconsistent with Marx's theory of wages) it is quite permissible to say that labor which has a higher wage (or value) contains more units of productive power, more efficiency units, than that receiving a lower wage.

[2] P. 13. [3] P. 14.

hours of a cloth-maker's labor have earned the same wages (and thus occasioned the same cost to entrepreneurs) as twelve hours of a linen-maker's labor, "we may safely conclude" that it is not alteration of this ratio that causes alteration of the exchange ratio of cloth to linen. It is this ratio between the wage-earning capacity of one kind of labor and another kind that "has long ago been adjusted." To make this point perfectly clear, let us quote again:

"The comparative degree of estimation [an equivocal expression which means comparative wage-earning power] in which the different kinds of human labour are held * * * * continues nearly the same from one generation to another, or at least * * the variation is very inconsiderable from year to year, and therefore can have little effect, for short periods, on the relative value of commodities." [1]

The question is this: In the labor-cost theory of value, does skilled labor count as *more* labor per day than unskilled, and if so upon what principle? Ricardo's argument, as just traced, avoids the question, and is faulty in two essential points. In the first place, it is not true, and was not true in Ricardo's time, that the comparative skilfulness of labor employed in producing different commodities remains unchanged. Machine invention alone produces veritable revolutions in this field. But in the second place (a more important point as a matter of theory), in this argument Ricardo has shifted his ground with respect to the meaning of his labor-cost law. This principle is stated in italics at the head of his chapter:

"The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production."

[1] P. 16.

This means precisely that, if one A exchange for two B, it is because, *at this time, without reference to changes in time,* it costs twice as much labor to produce an A as to produce a B. But now Ricardo has virtually changed the principle to mean that *alterations* in the exchange ratios of commodities will be due to *alterations* in the comparative amounts of labor required to produce them. This is a different principle, and indeed one no stronger than the other. We are forced to the conclusion that Ricardo unconsciously avoided the real question in the case, and failed to explain away the difficulty of skilled labor in the labor theory.

(3) The quantity of labor required in the production of a commodity, which regulates its value, includes the labor employed in making the raw material, machinery and buildings (capital goods) used up in its production, as well as the labor directly applied to it. This proposition is copiously illustrated by examples drawn from primitive and modern industry, and commands immediate assent. It is obvious, when once stated, that the labor indirectly applied to the production of a commodity is no less *required,* if we are to obtain it, than that directly applied.

5. We have here an important consideration. If the labor *directly* applied to the production of a commodity were all that is included in its labor-cost, the entrepreneur's expenses, covering cost to him of machinery and raw material, would be too obviously out of proportion to the labor cost (as manifested in *his* wages cost). But it is Ricardo's intention to reduce the cost of capital goods to labor cost. The total labor cost of a commodity produced from capital and raw material is paid for by a series of entrepreneurs in their wages charges. Each entrepreneur exacts a "profit" for the time he has advanced the wages. It is in this way, as Ricardo sees it, that interest enters into entrepreneur's costs. Does it destroy the force of labor

cost as a regulator of exchange value? To make Ricardo's answer to this question clear, it is necessary to refer first to what he has to say in Chapter IV of the *Principles* on natural and market price.

The term "Natural Price" has, it happens, a "philosophical" and an "empirical" significance. It is at best an inexact pair of words. Its empirical meaning is simply *normal value,* the excellent term for that value which, under competition, constitutes a center of oscillation for market values. Its "philosophical" meaning, as suggested a few times by Smith, is the *human cost* of obtaining goods from the physical outer world.

"Labour was the first price, the original purchase-money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased."

With this sort of natural or primary price Adam Smith's empirical chapter on "Natural and Market Price" has nothing to do. This ought also to be true of Ricardo's chapter (Chapter IV), because it is a chapter explaining how competition always forces the market-price toward a normal value.[1] It turns out in the end that this normal value is a sum of exchange value which is just sufficient to cover the *wages* of labor and the *interest* of capital required in production. This is never made clear. Malthus probably never understood Ricardo as meaning this. What we affirm is, that *his text* means this when it is altered or rectified so as to give it the self-consistency which seems to lie within it.

6. We need now the proof of this interpretation. The

[1] This explanation of the workings of competition is beautifully written both by Smith and Ricardo—is *classic* in fact.

opening sentence of the chapter on natural and market price proceeds as follows:

"In making labour the foundation of the value of commodities, and the comparative quantity of labour which is necessary to their production the rule which determines the respective quantities of goods which shall be given in exchange for each other, we must not be supposed to deny the accidental and temporary deviations of the actual or market price of commodities from *this, their primary and natural price.*" [1]

This sentence seems to state that the labor cost of a commodity is its "natural price." If so, the statement is due to the influence of the philosophical account; but it is an absurdity in this connection. Actual market-price does not deviate temporarily from *labor cost.* Normal value is not an amount of labor, nor can it be spoken of as equal to an amount of labor. The passage is a careless way of saying that the normal values of goods are *in proportion to* their labor costs. Ricardo's real conception of normal value is this: The total labor cost of a commodity determines the total wages charges that must be paid by the entrepreneur, or series of entrepreneurs producing it. Competition tends to give the entrepreneurs producing different commodities equal rates of "profits" upon these outlays. Therefore the normal exchange value of a commodity is composed of a sum of wages costs (due to the nature of the commodity as requiring such and such an amount of labor to produce it), which is the independent determining element, and a sum of interest which is merely a uniform rate upon the wages cost. It is in this way that labor cost regulates value, *according to an empirical account.*[2]

[1] P. 65. The italics are the present writer's.

[2] "It is necessary for me to remark that I have not said because one

To substantiate this view of Ricardo's meaning, we can quote the following:

"Mr. Malthus appears to think that it is a part of my doctrine that the cost and value of a thing should be the same;—it is, if he means by cost, 'cost of production' including profits." [1]

The only kind of cost that includes "profits" (*i. e.*, interest) is entrepreneur's cost.

7. We may now turn our attention to what is perhaps as difficult a passage as was ever incorporated into a treatise on economics. I refer to Sections IV and V of Chapter I of Ricardo's *Principles*. These sections treat of the *complication of interest* in the labor theory of value. [2] But if all Ricardo claims in his labor theory is that normal values are *in proportion to* labor costs, why is not the explanation satisfactory that interest is merely a rate taken upon wages costs? The difficulty is that in reality two commodities may cost the same amount of wages (because, as Ricardo has it, they require the same amount of labor for production) and yet cost very different amounts of interest. In such a case the two commodities have the same labor costs but have different entrepreneur's costs, and consequently

commodity has so much labour bestowed upon it as will cost £1,000 and another so much as will cost £2,000 that therefore one would be of the value of £1,000 and the other of the value of £2,000, but I have said that their value will be to each other as two to one, and that in those proportions they will be exchanged. It is of no importance to the truth of this doctrine whether one of these commodities sells for £1,100 and the other for £2,200, or one for £1,500 and the other for £3,000," *etc.* Gonner ed., p. 39.

[1] *Principles*, p. 39, n. The same statement is made in *Letters to Trower*, p. 153.

[2] The difficulty of rent is escaped through the Ricardian theory of rent. The present writer is persuaded that the classical theory of rent is unsound in this respect.

different exchange values. This comes about because the entrepreneur (or series of entrepreneurs) who produces commodity A may have been compelled to pay the money wages to the labor producing it a longer time before A can be put on the market than is the case with commodity B, though the *amount* of wages paid in both cases be the same.

8. In the end, Ricardo's theory of the interest difficulty reduces itself to the statement that has just been finished. That is to say, the above is the true interpretation of his argument. But Ricardo's own presentation of the difficulty is superficially so different from this statement that it will be necessary to prove this interpretation in detail. (1) In the first place, he separates the general case of "profits" paid on a longer "advance" of wages into three subdivisions.

"According as capital is rapidly perishable, and requires to be frequently reproduced, or is of slow consumption, it is classed under the heads of circulating or of fixed capital." ("A division not essential, and in which the line of demarcation cannot be accurately drawn."—Note.)

"Two trades may employ the same amount of capital; but it may be very differently divided with respect to the portion which is fixed, and that which is circulating." "A rise in the wages of labour cannot fail to affect unequally commodities produced under such different circumstances" (in respect to the proportions of these two kinds of capital in different trades.)[1]

Section V is written to show that different degrees of durability in the durable capital have the same effect as different proportions of the durable to the circulating capital, and is merely an example of the bad arrangement of

[1] Pp. 24–6.

the *Principles*.[1] Formally, there is a third case. Goods slower to market must bring more "profit." But all cases come to the same thing, *i. e.*, a longer investment of entrepreneur's "capital" in labor, before the commodity produced can be put finally upon the market.

(2) In the second place, the effect of all this, says Ricardo, is to introduce a *second cause of variation of "relative values."* The

"variety in the proportions in which the two sorts of capital may be combined introduces another cause, besides the greater or less quantity of labour necessary to produce commodities, for the variations in their relative value—this cause is the rise or fall in the value of labour."[2]

A rise in wages affects "relative values," because wages, being a different fractional part of the entrepreneur's costs of different commodities, the *whole* of entrepreneur's costs is affected in varying degrees by the increase of this one factor. In Ricardo's view a rise of wages means simply a fall of profits. If the entrepreneur's cost of production of good A were ½ wages and ½ "profits," and of good B ¾ wages and ¼ "profits," then if general wages rise a fixed percentage, and consequently general "profits" fall a fixed percentage, it follows that the entrepreneur's costs of A and B will change, one relatively to the other, though the costs of these goods in labor are not altered. He concludes:

"It appears that in proportion to the durability of capital employed in any kind of production, the relative prices of these commodities on which such durable capital is employed, will * * fall as wages rise, and rise as wages fall; and on the

[1] The distinction between the two kinds of capital was stated to be a question of degree in the first section on this subject.

[2] P. 24.

contrary those which are produced chiefly by labour with less fixed capital, or with fixed capital of a less durable character than the medium in which price is estimated, will rise as wages rise, and fall as wages fall." [1]

9. Ricardo's way of describing the interest difficulty is unnecessarily roundabout, but a more important point is that it is positively misleading. He must mean that interest and wages together make up entrepreneur's costs. In the cost of producing one commodity interest will be a certain fraction of the whole; in the cost of producing another commodity it will be a different fraction. Now, says Ricardo, if the general rate of interest or of wages rises or falls, it will affect the total cost of production of two such commodities in different degrees.[2] Thus a rise or fall of the general rate of wages of labor is a cause of variation of the exchange ratios of products, as well as the cause of changes in the quantity of labor required to produce them. This statement is misleading, because the existence of interest throws the entrepreneur's costs, and consequently the normal values of commodities, out of proportion to their labor costs without any reference to *variations* in the general rates of interest or of wages. *At any given time* values are already out of proportion to labor costs, whether or not there be a future change of the ratio of wages; yet Ricardo is misled in his illustrations to assume the proportionality before the wages rate changes.[3] The origin of Ricardo's

[1] P. 35.

[2] Ricardo's theory that a rise of interest must accompany a fall of wages and *vice versâ* is not an essential part of the present problem. Interest acts as a cause of deviation of exchange value from proportionality to wages cost, whether this particular theory of wages and interest be adopted or not.

[3] Compare the same unconscious shifting of ground in the discussion of skilled labor.

indirection in explaining the law of entrepreneur's costs lies in the preconceptions of the "philosophical" account of value. To be precise, it is due to Ricardo's quarrel with one of Smith's two "philosophical" standards, namely, the labor-command standard. According to this standard, if wages rise or fall, the amount of a given commodity required to command a day of labor in exchange falls or rises. Smith said, in effect, that the "exchangeable value" of commodities in general falls when wages rise. He could not have meant pure exchange value by this, but Ricardo took him at his word, and proceeded to show that when the exchange ratio between day labor and a commodity alters, the exchange value of the labor may change just as much as that of the commodity. Therefore he concluded early in his chapter that the exchange value of commodities depends on the comparative quantity of labor required for their production, and not (as Adam Smith said) on the greater or less compensation which is paid for that labor.[1] On account of this dispute, he is led to state the qualification of the labor-cost law, due to interest, in terms of variation of the compensation of labor. That is, he qualifies slightly his original statement against Smith. The false philosophy that labor cost is the *essence* of value exercised an influence upon the statement of the empirical law of costs which was truly baleful in English political economy. Its effect on terminology reached at least into the writings of John Stuart Mill, who sometimes referred to cost of production as being composed of *labor and profits!*[2] Either wages and profits (interest), or labor and abstinence, but not labor and profits!

10. What Ricardo should have given us is a rectilinear

[1] P. 5. *Principles.*

[2] See also Ricardo, himself: "The value of almost all commodities is made up of labor and profits." *Letters to Malthus*, p. 225.

theory of entrepreneur's costs. For a theory of these costs is truly all he has offered. As for an ultimate answer to the riddle of value—an answer not contained in the simple empirical law of costs—Ricardo has not given us one. For, in answer to the query, *why* labor cost, barring the qualifications he develops, should regulate value, he has said nothing. He has not even said what labor is; and in explaining the ultimate nature of economic value, and the relation of labor to it, it will not suffice to trust that every one knows exactly what is meant by labor. It should be understood, without remark, that the criticisms here passed are not in the least directed against his greatness as a thinker. His greatness is relative to his time. We criticize him with reference to the developed theory of our time; if we did not do this, this history would be a mere summary of Ricardo's chapter on value, and would be almost, if not quite, pointless.

To conclude, Ricardo makes four qualifications of the doctrine of the labor-cost regulation of value. (1) Labor must be expended on things of utility. Utility is an absolute condition of value. (2) Goods to be subject to this law of value must be reproducible. The unimportant class of scarcity goods has a value entirely independent of labor-cost. (3) Labor-cost really regulates only the natural or central value of goods. There must be perfect competition to keep the market value at the natural value. (4) Variety in the proportions of fixed and circulating employer's capital causes an aberration of natural value from proportion to pure labor-cost.

These points reappear explicitly or implicitly in all labor accounts of value. They are interesting in view of the estimates of Ricardo's theory as being absolute. The second and fourth counts especially negative this estimate. The point of greatest interest in this connection is the question

as to how much of a trunk remains of the Ricardian labor theory after so much bark has been stripped off. Ricardo considered the theory to remain for practical purposes intact. The fourth count is the only one that gives him serious concern, and though he is plainly much impressed with the force of the difficulty while he is treating of it, and concludes because of it that labor is not a precise regulator of value, when he has delivered himself of this statement he proceeds with the resolve to abstract from the whole difficulty, and reason as if the thesis first advanced were unqualified.

"In estimating, then, the causes of the variations in the value of commodities, although it would be wrong wholly to omit the consideration of the effect produced by a rise or fall of labour [1] it would be equally incorrect to attach much importance to it; and consequently, in the subsequent part of this work, though I shall occasionally refer to this cause of variation, I shall consider all the great variations which take place in the relative value of commodities to be produced by the greater or less quantity of labour which may be required from time to time to produce them." [2]

This citation from the *Principles,* edition of 1821, indicates the position Ricardo usually took. But occasionally he appears to have wavered regarding the proper emphasis of the qualification. For instance, in 1820 he wrote: "I sometimes think that if I were to write the chapter on value again which is in my book, I should acknowledge that the relative value of commodities was regulated by two causes instead of by one, namely, by the relative quantity of labour necessary to produce the commodities in question *and by*

[1] *i. e.*, wages.

[2] P. 34.

the rate of profit" . . .[1] Ricardo's theory of value, as qualified by himself, might be summarized: Objects of utility, "produced by labor" (the function of factors in production other than labor not explained), and capable of further production by the application of more labor, have normal values in proportion to the total quantity of labor required to produce them, except that this proportionality is disturbed "by the employment with labor of capital of various degrees of durability."

NOTE. Ricardo's principle of rent is susceptible of development into a universal principle of competitive distribution. To J. B. Clark this development is in fact due. (In divers early articles in the American economic periodicals. Professor Clark's views have now been summed up in his *Distribution of Wealth*. See especially Chapters iv, viii, xii and xiii.) Perfecting the reasoning, by means of which Ricardo endeavored to get rid of the rent of land, as a cause of the divergence of the exchange value of products from proportionality to their labor costs, Clark gets rid of interest on capital as well. What is left of the product of industry after interest (including land rent and rent of other capital goods) has been deducted is defined by Professor Clark as the *specific* product of labor, or the marginal product of labor. To assert proportionality of the specific product of labor to its labor cost is a very different thing from asserting that the total product of land, labor and capital in any given business is governed by the labor cost of that product, defining the labor cost as Ricardo did. It cannot be said that Ricardo in any way realized that the principle of land rent could be turned to account as a universal principle in determining shares in distribution. But there is a distant hint at such use in the following passage: "The exchangeable value of all commodities, whether they be manufactured, or the produce of the mines, or the produce of land, is always regulated, not by the less quantity of labour that will suffice for their production under circumstances highly favourable, and exclusively enjoyed by those who have peculiar facilities of production, but by the greater quantity of labour necessarily bestowed on their production by those who have no such facilities, by those who continue to produce them under the most unfavourable circumstances, meaning by the most unfavourable circumstances, the most unfavourable under which the quantity of produce required, renders it necessary to carry on the production." (P. 50.) In

[1] *Letters to McCulloch*, p. 71.

Chapter xi of the present essay we shall attempt to make clear the difference between the assertion that the exchange value of the entire product of a given industry is determined by its labor cost and an assertion that the specific product of labor has a value determined by its labor cost.

The following chapters will contain many references to Ricardo. These will concern minor points in his theory which are best taken up in connection with the arguments of subsequent economists.

CHAPTER VI

M'CULLOCH, JAMES MILL AND TORRENS. ANTICIPATIONS OF MARX'S THIRD VOLUME.

1. THE three minor writers, McCulloch, James Mill, and, to a less degree, Torrens, were imitative expounders of the Ricardian political economy. While their views were not identical with those of Ricardo, they were accustomed to explain themselves by pointing out wherein they differed from the master. In this history they are of interest because each endeavored to state the labor-cost theory in a more arbitrary form than did Ricardo himself. This chapter could well be entitled, "The Labor Theory Running Riot." McCulloch and Mill endeavored to reason out of existence the qualification Ricardo placed in the doctrine on account of interest, and Torrens thought he avoided the difficulty by stating that value is determined by cost in "accumulated labor." An interesting fact in the literary history of the labor theory, and one which, to the best of my knowledge, has not hitherto been brought to light, is that McCulloch anticipated Karl Marx's solution of the "organic composition of capital" problem. Marx closed his theory of value, in the first volume of *Das Kapital,* with the confession that, to all *appearances,* the facts of market values contradict the theory. He promised, however, to show, in a later volume, that in *reality* there is no contradiction.[1] When the second volume appeared only to defer

[1] *Das Kapital*, 1st ed., pp, 285, 286, 508, n. See Böhm-Bawerk, *Karl Marx and the Close of his System*, p. 24.

to the third the promised solution, "a regular prize essay contest" sprang up in Germany, and endured for ten years, in which the participants endeavored to forecast what Marx's solution would be. No one was successful.[1] The answer to the enigma, as it appeared in the posthumous third volume of *Das Kapital,* is precisely the one McCulloch gave to the same question.

1. McCulloch.

2. We shall not retrace the general lines of Ricardo's exposition as they reappear in McCulloch's writings.[2] In the course of the numerous editions of his *Principles,* and in his other observations upon value, this writer managed to commit nearly every conceivable blunder that could connect itself with the labor theory.[3] From time to time, Ricardo mildly reproved his disciple for his rigidity:

"You go a little farther than I go in estimating the value of commodities by the quantity of labour required to produce them. You appear to admit of no exception or qualification whatever, whereas I am always willing to allow that some of the variations in the relative value of commodities may be referred to causes distinct from the quantity of labour necessary to produce them."[4]

[1] Böhm-Bawerk, *op. cit.*, p. 26.

[2] The writings herein referred to are his *Principles of Political Economy*, 4th ed., Edinb., 1849, and his extensive notes on Adam Smith's text in the McCulloch edition of the *Wealth of Nations*, 4 vols., Edinb., 1828.

[3] In his *Capital and Interest*, pp. 97–102, Böhm-Bawerk devotes a few pages to McCulloch's theory of interest, which is interwoven with his theory of value. Böhm-Bawerk concludes: "McCulloch's utterances on the subject are one great collection of incompleteness, irrationality and inconsistency." The examples of McCulloch's reasonings cited by Böhm-Bawerk show the above judgment to be scrupulously just.

[4] *Letters of Ricardo to McCulloch* (*Pub. Am. Econ. Assn.*, Vol. 10), pp. 131–2.

The cases of the value of standing timber, previous to the employment of labor upon it, or of the value of old wine, which Ricardo freely confessed were beyond his philosophy of value,[1] had no terrors for McCulloch. In his abandonment to dogma, he solves the difficulty with ease by the following definition, one of the most crassly ridiculous originalities in the annals of political economy. It finds a place in this history to illustrate to what extremes the labor theory could be carried:

"Labour may properly be defined to be any sort of action or operation, whether performed by man, the lower animals, machinery, or natural agents, that tends to bring about any desirable result."[2]

The distinction between the operations of men and those of machinery and natural agents is

"on the whole objectionable because it gives countenance to the idea that there is some radical difference between the labour of man and of machinery, etc., whereas, in so far as the doctrines and conclusions of political economy are concerned, they are in all respects the same."[3]

Consider the example of a cask of wine, which is entirely finished as far as labor bestowed on it is concerned, and now possesses a certain exchange value. If let stand a few years it will be found to possess additional value. To force this case, McCulloch has decided to define whatever it be that "works" in the wine to be labor, and thus to affirm that the increased value is occasioned by the increased quantity of labor employed upon it. Malthus has made a rare criticism on this idea that cannot be omitted:

[1] See passage from a letter to McCulloch, quoted *ante*, p. 42.

[2] McCulloch's edition of the *Wealth of Nations*, vol. iv, note 1, p. 75.

[3] *Ibid.*, p. 77.

"There is nothing that may not be proved by a new definition. A composition of flour, milk, suet, and stones is a plum-pudding; if by stones be meant plums. Upon this principle Mr. McCulloch undertakes to show that commodities do really exchange for each other according to the quantity of labour employed upon them: and it must be acknowledged that in the instance which he has chosen he has not been deterred by apparent difficulties." [1]

Should we grant McCulloch's definition of labor, the explanations which he bases upon it involve an uncommonly "vicious" circle. Having included in labor any of the operations of all "nature" which tend to produce a desirable result, he is forced to place aside desirable natural operations that are "gratuitous." [2] Having no way to measure natural operations by themselves, he decides, in effect, that whenever a commodity is found which possesses an exchange value in excess of that which would be proportionate to its cost in human labor, the thing to do is to add in enough labor of natural forces to restore the desired proportionality. Subsequently he adopted another line of reasoning, incompatible with this one, but his later method of establishing the absolute truth of the labor-cost theory was of the same calibre.[3]

3. The fatal difficulty in which the Marxian theory of value culminated, due to the fact, as Marx described it, that the "organic composition of capital" is, for technical reasons, different in different industries, is the same as the difficulty of "fixed and circulating" capital, which occupied so large a share of Ricardo's and McCulloch's attention. The problem as discussed by Marx differs from

[1] Malthus, *Definitions*, pp. 100–101.

[2] McCulloch ed. *Wealth of Nations*, vol. iv, pp. 77–78.

[3] *Principles*, 4th ed., pp. 371–3.

Ricardo's greatly in terminology, and considerably in certain other external features, but the identity of the two in essence can easily be shown.

From his general law that the value of a commodity is governed by its labor cost,[1] Marx made a law of wages follow as a corollary, namely, that the value of labor, its exchange-value, or wages, is governed by its cost of production in labor. It is very hard to find a labor-cost of production of labor, so, by an act of logical legerdemain, this becomes the labor-cost of labor's *subsistence.*[2] The value *produced by* labor depends upon the duration of its exertion; but, says Marx, the *exchange value of* labor is a different thing. If laborers commonly work ten hours a day for their employers, while six hours of labor will produce a day's *subsistence,* the value produced by a day of labor is as ten, while the wages paid for it are—in virtue of the general law of value—as six. The difference between the value produced by labor and the value of labor—in this case (adopting the labor-cost unit of value) four hours of value—is the famous "*surplus-value,*" and the four hours a day is called the surplus labor time. We shall have to adopt a special and *purely temporary* terminology to describe the complication in this theory about to be discovered.[3] By value we mean

[1] We omit the qualification regarding "socially necessary" labor, and the theory of skilled labor as "condensed labor," as not required for our present point.

[2] If one granted, for the sake of argument, both the labor-cost law of value and the iron law of wages, we should still lack the slightest justification for deriving the latter as a corollary from the former. The only theoretical basis of the iron law of wages is a rigid Malthusian law of population, or labor supply, the alleged law so greatly abhorred by Marx and all socialists.

[3] The elaborate special terminology developed by Marx for the problem (not followed here) will be found explained in full in Böhm-Bawerk's

exchange-value, unless otherwise specified. The outlay of value made by an entrepreneur in labor, raw-material, machinery, *etc.*, returns to him in the course of time a certain value of products, which is greater than the outlay required to produce them. The excess of this value over the outlay we shall call the "profit fund." Now, according to Marx, *surplus-value is the sole source of this profit fund.* The reasoning to support this runs as follows: The entrepreneur's investments in machinery and raw-material, says Marx, cannot contribute anything to this fund. For, according to the labor dialectic, all the value these goods can contribute to their products is derived from their own labor-costs, and the law of value forces the entrepreneur to pay this value for them in full. They can, therefore, afford him no surplus. But the *labor* he buys is a different kind of thing. It, and it only, as just explained, gives more value to the product than he is forced by the law of value to pay for it.

We are now face to face with the great difficulty. If surplus-value is the sole source of the profit fund, the profit funds of different business units ought to be in proportion to the surplus labor time immediately exploited in them. Since the surplus labor time in each day of labor depends on the general rate of wages, there is a general rate of surplus labor time per labor day—*e. g.*, four hours in ten—and the profit fund of every business would be directly in proportion to the number of laborers it employed. This is absolutely not the case in fact. "It appears, therefore," says Marx,

excellent essay previously cited. This little book presents Marx's theory of value, the "contradiction" and the outcome, in the clearest possible form. It would be useless to infringe on the territory covered by this work, but Dr. v. Böhm-Bawerk did not mention the existence of the same "contradiction" in classical English theory.

"that here the theory of value is irreconcilable with the actual movement of things." [1]

For technical reasons, the proportions in which the entrepreneur's outlays are invested in labor on the one hand, and other production-goods on the other hand, are different in different lines of business. The make-up of the entrepreneur's outlay with respect to these proportions Marx calls the "organic composition" of his capital.[2] The facts of life are that equal capitals, in the sense of equal outlays, in different employments tend to produce equal "profit funds," regardless of their organic composition. Now what the profit fund actually turns out to be, depends on the selling price or value of the product. If we take a capital spent *in large proportion* for labor, the large amount of surplus labor time exploited ought to give the product a value very much in excess of the outlay, and afford a large profit fund. If we take a precisely equal capital, spent in very small proportion for labor, and almost entirely for machinery, *etc.*, the relatively small amount of surplus labor time exploited ought to make the value of the product not nearly so great as that of the first capital.

Since Marx frankly admits that in fact competition makes *the value of these products equal instead of unequal,* how does he "solve the contradiction" and redeem his theory? The actual "profit" (as defined here temporarily) afforded by the selling-value of the products is, throughout society, on the average, say 20 per cent. of that value. Where the "organic composition of capital" in a particular industry happens to be such that the profit which ought to

[1] *Das Kapital,* v. iii, p. 131; quoted by Böhm-Bawerk, *op. cit.*, p. 49.

[2] "Die organische Zusammensetzung des Kapitals," *Das Kapital,* vol. iii, p. 124.

be produced according to the theory is also the actual profit, here the *value* of the product required by the theory will be the same as the actual value. But in some industries where the proportion of labor purchased in the total outlay is low, the actual value will be above the theoretical value, whereas in other industries, under reverse conditions, the actual value will be below the theoretical value. Now, concludes Marx, *the variations of actual values* (called by Marx simply "prices") *above and below the theoretical or labor values* (called by Marx simply "values") *counterbalance or cancel one another, and the total actual values of all commodities collectively remain equal to their total labor values.*[1]

The "theoretical values," so-called above, are those which would be in proportion to labor costs. The law of labor cost declares that the value of any given commodity is determined by its cost in labor. In admitting that in fact actual particular values do not follow this law, Marx has abandoned the law. (For a consideration of the erroneous claim that the average rate of surplus-value determines the average rate of profits, the reader may refer to Böhm-Bawerk's essay.)

The point desired to be made here, is that Ricardo's difficulty of "fixed and circulating" capital is the same as that in the Marxian theory. Ricardo stated that variations in the proportions in which fixed and circulating capitals are combined in different industries introduces a second cause of change in the relative value of a commodity. The first

[1] Vol. iii, p. 138. See Böhm-Bawerk, *op. cit.*, p. 67 *et seq.* There are other arguments advanced by Marx for the redemption of his theory, considered in order by Böhm-Bawerk, but that given is the first and principal one. The second is that the law of value governs the *movement of prices*. This is analogous to, if not identical with, Ricardo's claim, that changes in labor-cost are the causes of changes of values. See *ante*, pp. 54–5.

cause is change in the quantity of labor required to produce a commodity; the second is a change in the general rate of wages. In the chapter in this history devoted to Ricardo, it has been argued at length [1] that what Ricardo said was only a round-about explanation of the fact that the values required by the labor theory are not the same as actual values.

McCulloch, following Ricardo, discusses the same problem in the same way, and concludes that changes in the rate of wages will cause variations of values aside from the influence of pure labor cost. But he adds to what Ricardo has said, attempting a justification of the pure labor-cost theory on the grounds that it regulates average value. I trust what has been said will make it clear that McCulloch's defense is identical in essence with that of Marx, though different in form. McCulloch wrote as follows, in 1849:

"It should also be observed, that though fluctuations in the rate of wages occasion some variation in the exchangeable value of *particular* commodities, they neither add to nor take from the *total value* of the entire mass of commodities. If they increase the value of those produced by the least durable capitals, they equally diminish the value of those produced by the more durable capitals. Their aggregate value continues, therefore, always the same. And though it may not be strictly true of a particular commodity, that its exchange value is directly as its cost, or as the quantity of labour required to produce it and bring it to market, it is most true to affirm this of the *mass of commodities taken together*." [2]

McCulloch also expressed the same thought twenty-one years earlier, in 1828. Though a change of the rate of wages may cause a particular commodity to vary from its "real value,"

[1] Pp. 55 *et seq.*

[2] *Principles*, 4th ed., p. 371 (1849). The italics are mine.

"the exchangeable value of some other commodity must vary to the same extent in a contrary direction." [1]

Marx says the same, and concludes that the variations of the actual from the theoretical values cancel one another.[2] Both McCulloch and Marx were involved in a hopeless endeavor to overcome the difficulty of interest.

2. James Mill.

4. James Mill held that value depends, in the first instance, on demand and supply, but ultimately upon cost of production.[3] Cost of production consists of cost in capital and labor combined, but the capital element can be reduced to labor, and in the last resort quantity of labor cost determines the exchange value of commodities.[4] But there is an argument which is brought to controvert this conclusion.

"It is said that the exchangeable value of commodities is affected by time, without the intervention of labour; because, when profits of stock must be included, so much must be added for every portion of time which the production of one commodity requires beyond that of another." [5]

Mill takes the regular example of the cask of wine, worth twenty sacks of flour now—because it cost the same amount of labor—but worth more if kept in a cellar some years.

[1] McCulloch edition of the *Wealth of Nations*, vol. iv, note viii, p. 200.

[2] "Dass die Abweichungen vom Werth . . . sich gegeneinander aufheben." *Das Kapital*, vol. iii, p. 140. James Mill, in *Elements of Political Economy*, pp. 112–113 (1826), said the same thing. When the general rate of wages varies, for "the aggregate of commodities, taken all together, there is neither fall nor rise."

[3] *Elements of Political Economy*, London, 1826. This statement probably came from Malthus, who laid down the general lines of the theory of value in this same way in 1820.

[4] P. 96. [5] Pp. 96–7.

Now, he says, the objection here is that there is an addition of value without an application of more labor, and that therefore quantity of labor does not regulate value. But

"this objection is founded on a misapprehension with respect to the nature of profits. Profits are, in reality, the measure of quantity of labour; and the only measure of quantity of labour to which, in the case of capital, we can resort. This can be established by rigid analysis. If two commodities are produced, a bale of silk, for example, for immediate consumption, and a machine, which is an article of fixed capital; it is certain, that if the bale of silk and the machine were produced by the same quantity of labour, and in the same time, they would exactly exchange for one another: quantity of labour would clearly be the regulator of their value. But suppose that the owner of the machine, instead of selling it, is disposed to use it, for the sake of the profits which it brings; what is the real character and nature of his action? Instead of receiving the price of his machine all at once, he takes a deferred payment, so much per annum: he receives, in fact, an annuity, in lieu of the capital sum; an annuity fixed by the competition of the market, and which *is therefore an exact equivalent for the capital sum.* Whatever the proportion which the capital sum bears to the annuity, whether it be ten years' purchase, or twenty years' purchase, such a proportion is each year's annuity of the original value of the machine. The conclusion therefore is incontrovertible: as the exchangeable value of the machine, had it been sold as soon as made, would have been the practical measure of the quantity of labour employed in making it, one-tenth or one-twentieth of that value measures also a tenth or a twentieth of the quantity of labour." [1]

When an entrepreneur pays a certain sum for a machine, which he uses up in production, at the end a certain sum of value produced stands in the place of, and is imputed to, the

[1] Pp. 99–100. The italics are mine.

destroyed machine. This sum of value is normally greater than the value of the machine, being sufficient, in fact, to replace the machine and leave a marginal fund of value, which we call interest. But Mr. Mill's text discloses the fact that it is the gross value of the product of the machine which he designates by the term "profit." If the machine lasts ten years, the entrepreneur receives these gross profits in ten annual installments. In purchasing the machine he has remunerated the labor which was expended in its production. Now he receives back that remuneration in ten parts. *Competition makes these ten parts the "equivalent" of the original whole.*

"It thus appears that profits are simply remuneration for labour. They may, indeed, without doing any violence to language, hardly even by a metaphor, be denominated wages: the wages of that labour which is applied, not immediately by hand, but mediately by the instruments which the hand has produced." [1]

Such was the puzzle of value in "classical" times that a thinker of repute could resort to explanations shallow almost beyond belief. It is the italicized line, of course, which begs the question. The assertion that the gross return from a machine is the exact *equivalent* of its cost price, might mean that the sum total of the "annuities," in which the entrepreneur receives this return, is *equal* to the cost price of the machine to him. In this case the statement is simply false. But if the intention be to admit that the sum of annuities is more than equal to the cost price, the plain import of the admission is unconsciously concealed under the word "*equivalent.*" For the excess of the value of the product of the machine which affords this surplus in the

[1] Pp. 102–3.

annuities is precisely the value out of proportion to the cost of the product in labor indirectly applied to it, that is, applied through the machine. To return to the cask of wine, *by hypothesis,* its value is in excess of proportionality to the quantity of labor it has cost. And yet Mr. Mill sets about to explain that its value is, nevertheless, in proportion to the quantity of labor it has cost, because it is a general principle that "profits" are "really wages of labour." In fact,

"the case of the wine in the cellar coincides exactly with that of a machine worn out in a year, which works by itself without additional labour. The new wine, which is one machine is replaced by its produce, the old wine, with that addition of value which corresponds with the return to capital employed upon the land [in Mill's view, the capital that sets the rate of interest for all other]; and the account which is to be rendered of the one return, is also the true account of the other." [1]

Although Mr. Mill has taken trouble to show that it is a misapprehension to suppose that difference in the time required to produce commodities throws their values out of proportion to their labor costs, he now caps the climax of his strange argument by explaining, directly after Ricardo, how a rise or fall in the general rate of wages will alter the exchange ratios of commodities, irrespective of changes in their labor costs. As explained in the chapter on Ricardo, this is but an indirect way of showing that the existence of interest is fatal to the law of labor cost, and that the length of time through which interest must be taken is a material factor in determining the cost of production of commodities. The failure of Mr. Mill, as a disciple of Ricardo, to understand the real meaning of the master's qualification of the labor-cost law, serves but to prove the assertion already

[1] P. 104.

made, that Ricardo's round-about argument on this subject was most misleading. As for Mr. Mill, his treatment of the interest difficulty was a bungle from first to last.

3. Torrens.

5. Torrens explains at great length why commodities cannot be exchanged in primitive society on any other basis than that of labor cost; but concludes that the forces which produce this result in early times cause products to exchange, under advanced conditions, according to their capital cost. A commodity's cost in capital, measured as the money outlay of the capitalist-employer, is its "natural price." Actual exchange value does not, as Ricardo and Malthus say, tend to settle at *natural price,* because there is a permanent difference between these quantities, and this difference constitutes "profits." [1] It is true that writers who claim that the actual price tends to come to the "natural price" include profits in natural price,

"But this classification is highly unphilisophical and incorrect." [2] "We cannot assert that the profit of stock is included in the cost of production, without affirming the gross absurdity that the excess of value above the expenditure, constitutes a part of expenditure." [3]

The difference of view between Malthus and Torrens is easily explained. Malthus means by natural price, normal value. Torrens has in mind one variety of the "natural price" of the "philosophical" account of value.

"Natural price is that which we must give in order to obtain the article we want from the great warehouse of nature, and is the same thing as cost of production." [4]

[1] *Essay on the Production of Wealth*, London, 1821, p. 51. Torrens considered his theory of "exchangeable value" quite original, (Preface, p. 7.)

[2] P. 51. [3] P. 53. [4] P. 50.

In primitive times this was labor; in present times it is capital.

Torrens really attempted an "empirical" law,[1] namely, that the exchange values of commodities are *determined by* their cost in capital to the entrepreneur, but are in excess of the cost by a constant percentage. Exchange values are still determined by the cost, because the percentage of this excess is reckoned on the cost. In criticism of this, it is easy to show that, as an empirical account, the only possible way of defining entrepreneur's cost to show that it does regulate value is to include interest ("profits") in the cost. The "philosophical" account is brought to bear on the law of entrepreneur's costs only to injure its statement. Interest is a part of the cost of any particular commodity, in the sense that it must be paid to call forth capital to aid in its production, just as wages must be paid to call forth labor. If interest be excluded from entrepreneur's costs, the statement of Torrens that the value of the product will still be in proportion to cost cannot bear the slightest examination. The total process of the production of most goods is conducted by a series of entrepreneurs. If we take any two commodities of equal market value, the briefest consideration will show that their costs of production (in the sense employed by Torrens), merely to the last entrepreneur making them, may be quite unequal. As Ricardo pointed out, if one commodity takes longer to market after the entrepreneur makes his outlay than another, the amount of profits which its market value must afford will be greater, so that its cost (as Torrens defines it) must be less. But considering the entire cost of production to the series of entrepreneurs, the "profits" of each entrepreneur increase

[1] "Empirical," in the particular sense of this term, adopted in the opening chapter of this essay.

the necessary money outlay of the next entrepreneur succeeding him, who uses the product of the first as production goods. If Torrens should permit the profits of entrepreneurs earlier in the series surreptitiously to be included in the cost to later entrepreneurs, he would be abandoning his definition of cost. But if he excludes this element of profits to the whole series from the cost to the whole series, it is not true (for the same reason which applied to the case of the single entrepreneurs) that the values would be in proportion to costs of production.

6. Unfortunately, the influence of the philosophical account upon the thought of Torrens did not exhaust itself in the havoc it played with his theory of entrepreneur's cost. Perforce, he must give a new version of the theory of labor cost intended to bring it into complete harmony with the empirical law of costs. This theory is:

"it is always the amount of capital, or *quantity of accumulated labour*, and not the sum of accumulated and immediate labour expended on production, which determines the exchangeable value of commodities." [1]

No definition is given of "accumulated labor" other than that implied in the sentence above: "the amount of capital, *or* accumulated labour." Torrens defines capital to be the raw-material, machinery, and *subsistence of labor* necessary to production. The "accumulated labor" which a product costs must be, in his view, the labor [2] which its raw-material costs, plus that which the machinery used up for it costs,

[1] Pp. 39-40. See also Preface, p. 7. This theory does not occupy a prominent place in his book. The sum of accumulated and immediate labor is what Ricardo considers to be the total labor cost of a good—under the name of labor indirectly and directly applied.

[2] Presumably, in its turn, "*accumulated.*"

plus—*not* the labor actually employed on it in connection with this machinery, but plus the labor which the *subsistence* of this labor has *cost!* [1]

Since Torrens himself offers no explanation why this newly-defined quantity of labor cost should regulate value, we are not in duty bound to go very far into his fantastic conception. Just as labor theorists generally proved that labor cost is the regulator of value by the simple process of showing that utility is not, so, I suppose, Torrens shows that labor cost, as he defines it, regulates value because as defined by Ricardo it does not. An astonishing thing about his conception is that the labor *directly applied* to a thing is not a part of its labor cost! To the money outlay of the capitalist-entrepreneur for machinery and for raw-material corresponds the labor cost of these goods. To the money outlay in wages must correspond either the labor cost directly remunerated by these wages, *or else* the labor cost of the things the laborers buy with their money wages (subsistence). Both of these cannot be represented by these wages, otherwise some labor cost would be counted twice over. For instance, the labor employed directly on a pair of shoes would be part of the labor cost of production of the shoes; but somewhere else it would be counting as the cost of production of hats, or what not, according to the employment of the laborer of whose subsistence these shoes became a part. Having made the absurd choice to count this labor (the direct labor cost of the shoes) as part of the cost of hats, upon the general principle thus adopted, Torrens cannot count labor, directly applied, as part of the cost of the thing to which it is applied. From this it follows that the direct labor cost of a machine or a piece of raw-material cannot be counted as a part of the real labor cost which de-

[1] Explanation of this follows shortly.

termines its value. As a consequence, it is interesting to note that none of the labor directly applied to a commodity, or directly applied to any production goods used up in it, is a part of its labor cost. If Mr. Torrens had been pressed by a critic in his day, he could well have defied any man to locate the Torrens labor cost of an article to show that it *does not* correspond to the value of the article.

CHAPTER VII

THE EMPIRICAL THEORY AS DEVELOPED BY MALTHUS.

1. MALTHUS was a prolific and inconsistent writer on the subject of value.[1] His statement of the "empirical" laws of value was able, and materially advanced the theory in English political economy, but when he comes to the problem of the *measure of value,* as a part of what we call the philosophical account, his writings are of so little worth that it would be a waste of time to consider them in full. He was a great temporizer and user of makeshifts in questions of principle. Malthus denied the validity of Ricardo's labor-cost *regulator,* but defended the labor-command *measure,* which in turn Ricardo rejected. He had a direct correspondence controversy with the latter on the subject of these two standards, but what we have left of this correspondence is in many places almost unintelligible to a modern student, unless read with infinite care.[2]

2. In his *Principles,* Malthus opens his discussion by drawing the established distinction between value in use and value in exchange; but immediately after this he makes an

[1] In his *Principles*, 1st ed., 1820, and 2d ed., 1836, which was considerably altered from the first. *The Measure of Value Stated and Illustrated*, a pamphlet of 1823, and the *Definitions in Political Economy* may be mentioned, but the text of the two editions of the *Principles* suffices for any except the most minute investigation of his views.

[2] Ricardo's part is contained in his published letters to Malthus, as well as those to McCulloch and Trower, but the letters of Malthus to Ricardo have not, to my knowledge, been found for publication, except one given in *Letters of Ricardo to McCulloch*, (*Pub. Am. Ec. Assn.*, 10, Nos. 5-6) p. 161.

important alteration in the order of presentation of ideas, as followed by Smith and Ricardo. He begins with the "empirical" account of value. In consequence, when he turns to the question of the relation between labor cost and value, he is led to adjust the labor theory to the previously developed empirical theory. As pointed out in the introductory chapter of this essay, this was the beginning of the process which has resulted in the pushing aside of the labor theory in English political economy. Ricardo had been led, with injurious results, to adjust the "empirical" to the "philosophical" account.

In a history of the law of supply and demand, or of the law of entrepreneur's costs, the statement Malthus gave these principles would be of great importance.[1] Here we are concerned with his version of these principles only to the extent necessary to show the different *setting* they give the labor theory from that in Ricardo's work.

3. We find that in the view of Malthus, the primary principle of exchange value, or the principle of broadest application, is the law of supply and demand. The law of entrepreneur's costs is a secondary principle.

"It has never been a matter of doubt that the principle of supply and demand determines exclusively, and very regularly and accurately, the prices of monopolized commodities, without any reference to the cost of their production; and our daily and uniform experience shows us that the prices of raw products, particularly of those which are most affected by the seasons, are at the moment of their sale determined always

[1] The law of supply and demand is not so simple as to preclude a variety of ways of stating it, and the meaning of such conceptions as *intensity of demand*, *equilibrium* or *balance* of supply and demand, *etc.*, requires careful reasoning to define. The history of the law in English political economy would be concerned mainly with Malthus, J. S. Mill, Cairnes and Marshall.

by the higgling of the market, and differ widely in different years and at different times, while the labour and capital employed on them may have been very nearly the same." [1]

And even in those competitive manufactures where conditions are most favorable to the law of costs, alterations of the demand and supply are constantly overcoming the influence of cost. Therefore, the cost rule is not only limited in action, but it is directly subordinate to the rule of supply and demand.

"The cost of production itself only influences the price of * * commodities as the payment of this cost is the necessary condition of their continued supply."

"It follows that the great principle of demand and supply is called into action to determine what Adam Smith calls natural prices as well as market prices." [2]

Cost of production "can do nothing but in subordination" to the principle of supply and demand.[3]

Malthus follows Smith precisely in naming the components of entrepreneur's costs—wages, profits and rent—but prefers to call the normal value requisite to cover these expenses, instead of natural price, the *"necessary price,"* "because the term necessary better expresses a reference to the conditions of supply." [4] What he means by the statement that the relation of supply to demand not only determines temporary market prices but also natural prices as defined by Adam Smith, is that wages of labor depend on the supply of labor, and the "profits" of capital and rent of land

[1] *Principles*, 1st ed., pp. 73–4.
[2] *Ibid.*, 74–5.
[3] *Ibid.*, 76.
[4] *Ibid.*, p. 83.

in the same way on the supplies of these agents.[1] Ricardo took an entirely different view of the relation of the two "empirical" principles. In his work he takes no account of the law of supply and demand until in Chapter XXX, where he admits that this rule holds good of monopolized commodities, and, indeed, of all other commodities for a limited period.[2] But, in a letter to Malthus, he wrote:

"You say that demand and supply regulates (sic) value; this I think is saying nothing; it is supply which regulates value, and supply is itself controlled by comparative cost of production."[3]

Of course Ricardo was always conscious of the fact that cost of production can influence exchange value only by way of influencing supply. At the very outset of his chapter on value in his *Principles* he states:

"There are some commodities, the value of which is determined by their scarcity alone. No labour can increase the quantity

[1] The claim regarding the subordination of the law of costs is set forth emphatically as follows: "If it appears generally that the cost of production only determines the prices of commodities, as the payment of it is the necessary condition of their supply, and that the component parts of this cost are themselves determined [*i. e.*, as values] by the same causes which determine the whole, it is obvious that we cannot get rid of the principle of demand and supply by referring to the cost of production. Natural and necessary prices appear to be regulated by this principle, as well as market prices, and the only difference is that the former are regulated by the ordinary and average relation of the demand to the supply, and the latter when they differ from the former depend upon the extraordinary and accidental relations of the demand to the supply." *Principles*, 1st ed., pp. 84–85.

[2] Gonner ed., p. 376.

[3] *Letters to Malthus*, p. 176. Malthus's contrary opinion is defended at length by him in Sec. 11 of Chap. xi, on value, in the *Principles*, 1st ed.

of such goods, and therefore *their value cannot be lowered by an increased supply.*" [1]

Ricardo's view was virtually this: The rule of supply and demand tells us practically nothing, but in those cases where we cannot get a further principle we will let it count as a law of value. But wherever the law of labor cost applies, the principle of supply and demand ceases to be of importance.

An attempt to determine whether Ricardo or Malthus was right would involve us immediately in a discussion of the ultimate relation of cost in all its forms to value, which, so far as we do enter into it, we hope to make the culmination of this essay. Which view is the more profound, and whether an ambiguity in the word value is involved in the controversy, are questions by no means easy to answer.

4. With this general theory, that the empirical law of costs is "subordinate" to the law of supply and demand, as a starting-point, Malthus proceeds to a thorough criticism of Ricardo's law of labor cost. In the indictment which he brings against this principle, we may for ourselves distinguish seven counts (indicated by the numbers in brackets). These counts really fall into two classes. The first main contention is that Ricardo considers the relation between entrepreneur's cost ("necessary price," as Malthus calls it; "natural price," or cost in "labour and profits," as Ricardo calls it) and actual market values too intimate. There are three sources of variation of actual from natural prices which should be emphasized. There are [1] the temporary market alterations of prices, too rapid to be met by changing the volume of production; [2] monopoly in the product itself, or some raw product used in its making; [3] seasonal fluctuations in all products of the soil.

[1] Gonner ed., p. 6. The same thought is expressed in the first paragraph of Chapter xiii, p. 171.

The second main contention[1] is that Ricardo overestimates the degree of control exercised by labor cost over natural price. Note the following comprehensive passage:

"Under all the variations, therefore, which arise [4] from the different proportions of fixed capital employed, the different quickness of the returns of the circulating capital, [5] the quantity of foreign commodities used in manufactures, [6] the acknowledged effects of taxation, [7] and the almost universal prevalence of rent in the actual state of all improved countries, we must I think allow that * * * *it is certainly not* the quantity of labour which has been employed in the production of each particular commodity which determines their relative values in exchange at the same time and at the same place."[2]

The claim is in unequivocal language that "well-known causes of constant and universal operation" destroy the proportionality of value to labor cost.

It will be observed that the four points made in this citation all concern influences which make the entrepreneur's expenses of production out of proportion to the total quantity of labor which his outlay of money directly and indirectly remunerates. For instance, the fifth point regarding the use of imported raw-material or machinery refers to the fact that $1,000 worth of production goods bought abroad by an entrepreneur may have cost more or less labor than $1,000 worth of raw-material of home production. As Ricardo himself points out (in Chapter VII of his *Principles*), the exchange value of an imported commodity does

[1] The case is not presented by Malthus as one of two main arguments with seven counts in total, but all except this division and the numbering are his.

[2] 1st ed., pp. 104–5. This passage happens not to reappear in the 2d ed., but all the points in it are still maintained there.

not depend on its labor cost abroad compared with the home labor cost of the goods against which it exchanges. But the $1,000 spent by one entrepreneur counts just the same as that spent by another in determining the "necessary price" of the respective commodities which they produce. Thus there is here one source of disproportionality between necessary prices and actual labor costs.

5. What is the position of Ricardo with respect to these seven counts? He acknowledged all but the claim that rent causes an aberration of normal value from the position required by labor cost. That is, in the language of the day he denied that "rent enters into price." He not only acknowledged, but himself stated the other points. How fully he treats the question of the different proportions of "fixed and circulating" capital, we have seen.[1] As for the "acknowledged" effects of taxation, the reference is to Ricardo's own statements, scattered throughout his various chapters on taxation, that this and that tax will raise prices. Ricardo was perfectly aware of the effects of monopoly, and of the influence of temporary oscillations of supply and demand.[2]

[1] As Malthus said in another place, "The effects of slow or quick returns, and of the different proportions of fixed and circulating capitals, are distinctly allowed by Mr. Ricardo, but in his last edition he has much underrated their amount. They are both theoretically and practically so considerable as entirely to destroy the position that commodities exchange with each other according to the quantity of labour which has been employed upon them, but no one that I am aware of has ever stated that the different quantity of labour employed on commodities is not a much more powerful source of difference of value." *Measure of Value Stated and Illustrated*, pp. 12–13.

[2] We have not happened upon a passage by Ricardo referring to the third count, respecting good and bad crops, but Ricardo would undoubtedly have considered that it did not invalidate his position. If agricultural capital and labor remain the same in quantity while good and bad crops alternate, the *cost of production per unit of crop* varies as well as the price. When the wheat crop is good the cost per

The old question whether "rent enters into price" could very properly be discussed in a history of the labor theory of value. Since, however, the question is large enough to warrant separate discussion, and has in recent times received it in many prominent places, we shall be content merely to point out the conflict between Malthus and Ricardo, and to take the stand that recent discussion has shown that ground rent enters into price in the same sense as wages, or interest on capital other than land. Ricardo said rent does not and cannot enter in the least degree into price. Says Malthus:

"It appears to me essential, both to correctness of language and correctness of meaning to say that the cost of producing any commodity is made up of all the wages, all the profits, and all the rent which * * are necessary to bring that particular commodity to market in the quantity required." [1]

6. We have here the remarkable instance of two writers nearly agreed on the number of exceptions to a principle, but quite disagreed as to what remains of the principle. The labor cost of a commodity in a modern market can influence its exchange value only by means of influencing its entrepreneur's cost. Thus any cause which weakens the connection between the value of a commodity and its entrepreneur's cost of production, thereby also weakens its connection with labor cost. Therefore, the first three points made by Malthus to show that entrepreneur's costs do not exercise perfect control over actual market-values are relevant

bushel is low. The price per bushel would also be low. If good crops mean low cost and low value at the same time, they probably do not mean sinking of value and cost in the same degree. The consequent deviation of value from cost is probably what Malthus had in mind.

[1] 1st ed., pp. 102–3.

to the dispute about the labor-cost regulator. But, as the reader has observed, the three exceptions to the law of money costs are only such as have always been made to any proposition of static theory. A static law of value is supposed only to govern *normal value* under competitive conditions. It is perfectly legitimate to put emphasis upon the causes of the variation of actual values from static standards, but on the principle, now so well understood, that actual conditions can be fully understood only by the preliminary establishment of static laws, the first three points of criticism made by Malthus, and admitted by Ricardo, must be judged to leave the law of costs a perfectly valid principle.

If the only causes of variation of actual exchange values from the standard of labor costs were those causes which operate to weaken the law of entrepreneur's costs, the Ricardian labor theory would remain a principle of the utmost importance. The attacks which the labor-cost theory cannot withstand are those directed against its validity *as a static principle.* It is an undisputed static principle that exchange values are in proportion to entrepreneur's costs. Therefore, every time a cause is shown which throws entrepreneur's costs out of proportion to labor cost, a heart-thrust is given the theory of the labor-cost regulator. To the list of causes of this kind granted by Ricardo, Malthus added one, an important one; or rather, he persisted in retaining what Adam Smith considered to be such a cause—rent of land. Malthus then discovered no new point; but he marshaled many points in an able manner. Considering only the weighty part of his case, his argument is that entrepreneur's costs consist of wages, interest, and rent; that wages alone stand for labor cost;[1] that therefore the exist-

[1] The strange attempt of James Mill to show that the interest element stands for labor also, mistook, as we showed in Chapter vi, the replacement fund of an entrepreneur for his interest fund.

ence of the other two elements makes the total entrepreneur's cost decidedly out of proportion to labor cost. This signifies not only that entrepreneur's costs are composed of outlays in excess of payments for labor, but that when one entrepreneur's cost is compared with that of another the two will (barring an accidental coincidence) not be to each other as the respective labor costs entering into them (through wages). Two commodities may have equal exchange values and equal entrepreneur's costs, but one may cost twice as much labor as the other, because the latter may cost more rent or interest than the former. Ricardo denied the influence of rent, and *assumed* that interest preserves fairly constant proportions with the wage element. In our judgment, Ricardo was much the profounder of these two economists, but Malthus made the fortunate gain of presenting the empirical principles of value at the outset of his work, and in this way was led to adjust the labor theory to them, instead of doing the reverse, as Ricardo did.

Note on the Question of the Invariable Measure of Value in all Times and Places.

7. Adam Smith made several general assertions concerning the power of a labor standard to measure value *in all times and places.* If mankind should live under conditions free from the rent of land and interest on capital, according to Smith the quantity of labor which commodities cost might properly be regarded as commensurate with the quantity which they command in exchange. Under actual conditions the command standard alone will apply. Ricardo became a steadfast critic of the idea that the labor-command standard could be thus used. He believed it to be impossible to find an invariable measure based on labor cost of production (as distinguished from labor commanded in exchange) ; but he made statements which implied that if a commodity existed which cost the same quantity of labor throughout time, it would

be an invariable measure of "real value." Then again he faltered in this view because "profits" enter into the cost of production of different articles in different degrees. The writer has found himself unable to reach a complete understanding of Ricardo's section on this subject, Section vi of Chapter I. Malthus always defended the labor-command standard of Smith, though in a vacillating way. In the end he adopted it in an unqualified form. (In the 2d and last edition of his *Principles,* the text being written just before his death.) With his last published discussion, appearing in 1836, the question practically disappeared from English political economy. Referring to this question, John Stuart Mill said: "it is necessary to touch upon the subject, if only to show how little there is to be said about it," and concludes that the measure sought is impossible. J. B. Say wrote that "an invariable measure of value is a pure Chimera."[1] Torrens expressed his judgment in words quoted from Lord Lauderdale: "Lord Lauderdale has justly observed that the search of economists after a measure of exchangeable value, is just as irrational and as hopeless as was that of the alchemists in quest of the philosopher's stone."[2] Well might the discussion be condemned by contemporaries and neglected by subsequent economists, for, especially in the lengthy writings of Malthus, the question was involved in distracting confusion, while the comparatively brief passage Smith devoted to the subject contains fatal contradictions.

It is doubtful if we can escape this question in theory. The required standard may come as a more modest proposal than that of Adam Smith, but some means of comparing value, as significance (as Menger's "*Bedeutung*") in different times will always be desirable, to say the least. In the recent controversy over the question whether gold is a good standard of de-

[1] In his notes in a French edition of Ricardo's *Principles*, "*Des Principes de l' Economie Politique et de l'Impôt*," 2d ed. Paris (1835), note, p. 12.

[2] *Essay on the Production of Wealth*, p. 65.

ferred payments, practical men decided for gold on other (and sufficient) grounds than any alleged invariability in value, but it was inevitable that the question should suggest itself: What does constitute the same *value* in different times (*i. e.* under changed conditions of wealth)? It is the legitimate function of economic theory to wrestle with such questions, whether to conclude that an answer is impossible (for that would be a conclusion, hard to prove and of importance when proved) or that such and such a standard may be established.

The present essay will not attempt the herculean dialectical labor of setting in order and criticising all that Smith, Malthus, and Ricardo wrote on this subject. The labor doctrine as a statical theory is a problem of sufficient proportions in itself to permit specializing upon it. A brief discussion however is added concerning what Malthus wrote upon the subject of the labor-command measure. In the first edition of his *Principles,* Malthus held that there is no question of possessing a perfect measure of value at different times, but there is a question of choice between various imperfect measures. He was apparently much impressed by the charge that the value of labor changes when the quantity of commodity (*i. e.* measured in physical units) which it commands, is altered. Accordingly he proposes to take labor and "corn" together, or a "mean between them" as a standard.[1] He proceeds upon the supposition that "when corn compared with labour is dear, labour compared with corn must necessarily be cheap. "At the period when a given quantity of corn will command the greatest quantity of the necessaries, conveniences, and amusements of life, a given quantity of labour will always command the smallest quantity of such objects, (and *vice versa*); * * * If, then, we take a mean between the two, we shall evidently have a measure corrected by the contemporary variations of each in opposite directions."[2]

[1] The principle of this choice had very little in common with the principle of the various "multiple standards of value" since proposed.

[2] 1st ed., pp. 128–9.

In this double standard a unit of labor is to be a *day* of "common" labor. For the use of the standard some unit of corn is necessary. A *peck* is selected. The reason given for this choice is that this amount may be considered "in respect to quantity as equivalent to a day's labour." Accordingly, "any commodity, which at different periods will purchase the same number of days' labour and of pecks of wheat, or parts of them, each taken in equal proportions, may be considered, upon this principle, as commanding pretty nearly the same quantity of the necessaries, conveniences, and amusements of life; and, consequently, as preserving pretty nearly its real value in exchange at different periods."[1] In his correspondence with Malthus, Ricardo made the former very uncomfortable in the position taken with respect to the combined labor-corn measure of value. In the second edition of the *Principles* of Malthus this hybrid standard was abandoned. In principle it was a shallow makeshift. It is needless to say that if the arguments for regarding the amount of commodities purchaseable by a day's wages, as the unit of wealth, are sufficient, grain should be measured in its "real value" by reference to this standard in the same way as any other important commodity. As was stated in Chapter ii, the corn measure of value was suggested by Smith to serve as a convenient index to the labor measure. Beyond a doubt, Smith spoke of the corn measure in a way to mislead both Ricardo and Malthus; but nothing could be plainer than the words quoted from him to show that corn is used on principle only because it is supposed to remain from age to age in a steady exchange ratio with day labor.[2]

In Malthus's second edition, the view is taken simply that "standard" labor commanded in exchange is the measure of value in all times and places. There is great difficulty in telling precisely what value, or what kind of value, it is that is measured. It is called "real value in exchange" and "in-

[1] 1st ed., p. 129.

[2] See ante, p. 27, n.

trinsic value in exchange." The latter is in one place defined to be "not the general power of purchasing possessed by a particular commodity, but its power of purchasing *arising from* ~~*intrinsic*~~ *causes,* which includes all the causes of whatever kind they may be, which have contributed to the limitation of its supply compared with the demand."[1] The extrinsic causes of a commodity's exchange value are the causes of the value of the other commodity in whose quantity the exchange value of the first is expressed.[2] In various other places, "intrinsic value in exchange" is defined as indicating (1) the degree of necessity or convenience to life (1st ed.); (2) the difficulty of obtainment (in some sense supposed to be more inclusive than Ricardo's labor cost); (3) the degree of the limitation of the supply as compared with the demand. Thinking with such terminology would be like painting portraits with a white-wash brush. If a day of labor in America commanded twice the physical quantity of a given complex of commodities that a day of English labor commanded, Malthus was forced to admit that the simple exchange value of the goods commanded by a unit of American labor was twice that commanded by a unit of British labor. But at the same time his doctrine of the labor measure of value required him to affirm that the "real exchange value" of the goods commanded by a day of labor in the two countries was the same. In this way he was led to contend that two complexes of goods having different exchange values, had the same "real exchange values." In view of the fact that "real exchange value" is defined virtually as "exchange value as arising from its causes," the contention is mystifying. One is prone to acquiesce in J. S. Mill's judgment that the argument of Malthus is a "vain subtlety."

[1] 2d ed., p. 96.

[2] 2d ed., p. 57.

CHAPTER VIII

SENIOR

1. SENIOR's little *Political Economy*[1] earned for him but a secondary rank in the literary history of the science. This is because the work, taken as a whole, is extremely unsystematic. It is also a little erratic. Senior was, however, a man of far greater merit than McCulloch, Torrens, or James Mill, and advanced many significant original doctrines, or rather parts of doctrines. The most noteworthy of these bear closely upon the theory of value; and if we put together what he said, in our own way, we shall obtain an important line of commentary upon the Ricardian labor-cost theory. The results tend more to destroy than to support that theory.[2]

According to Senior, the conditions essential to value, which he defines as exchange value, are (1) utility, (2) limitation in supply, (3) transferableness.[3] We have seen

[1] Prepared as the article on "Political Economy" in the *Encyclopædia Metropolitana*, 1836, but appearing as a separate work in numerous reprints from this. Page references are good for any edition. The table of contents looks systematic at first blush, but study of the text, especially the part on the theory of distribution, soon dispels any illusions concerning this point.

[2] Senior was, in my judgment, indebted fully as much to Malthus and Say as to Ricardo. To all appearances much of interest in the writings of Cairnes must have been suggested by the work of Senior.

[3] *Political Economy*, p. 6. These are the three constituents of *wealth*, but things composing wealth are defined to be the same as things of value. Curiously the qualification of transferableness is held not to exclude per-

how Malthus laid emphasis on the fact that cost can influence value only through affecting supply, and here we see the same thought put even more emphatically. It is *limitation of supply* alone that in the first instance gives value to things of a useful nature. The following words, carrying out the lines of thought suggested by J. B. Say and Malthus, are remarkable:

"It is true that wherever there is utility, the addition of labor as necessary to production constitutes value, because, the supply of labor being limited, it follows that the object to the supply of which it is necessary, is by that very necessity limited in supply. But any other cause limiting supply is just as efficient a cause of value in an article as the necessity of labor to its production. And in fact, if all the commodities used by man were supplied by nature without any intervention whatever of human labor, but were supplied in precisely the same quantities as they now are, there is no reason to suppose either that they would cease to be valuable, or would exchange in any other than their present proportions." [1]

Senior adopts this last heroic hypothesis only in passing, by way of exhibiting, in a striking way, what he considers to be the true relation of labor cost to value. In criticism of Ricardo, he says:

"As limitation of supply is essential to the value of labor itself, to assume labor and exclude limitation of supply, as the condition on which value depends is not only to substitute a partial for a general cause, but pointedly to exclude the very cause which gives force to the cause assigned."

sonal talents from the category of wealth, for these are considered to be things "imperfectly transferable." A lawyer transfers his talents to me when I hire him to plead my case. See pp. 9–10.

[1] P. 24. A similar passage, not so well expressed, is found in Malthus, *Principles*, 1st ed., p. 74.

2. Although Senior is careful to give limitation of supply as the factor which, combined with usefulness, occasions value, he still holds that cost of production may govern value under certain ideal conditions. These conditions are described as those of "perfect competition," but he means a great deal more by this than these words signify to-day. Senior's conception of cost, however, is different from Ricardo's. "By *cost of production* we mean the sum of labour and abstinence necessary to production."[1] Labor is defined, with especial reference to cutting off the extension of the term attempted by McCulloch,[2] to be "voluntary exertion of bodily or mental faculties for the purposes of production" (p. 57). The new word *abstinence* is defined as follows:

"A term by which we express the conduct of a person who either abstains from the unproductive use of what he can command, or designedly prefers the production of remote to that of immediate results."[3]

For the variety of conceptions of cost, expressed and implied in the writings of his predecessors, Senior substitutes a consistent definition of cost in terms of subjective sacrifice. With this improved concept as an aid, he is enabled to resolve many of the difficulties which had beset earlier debates upon the meaning of cost. The objection of Mr. Torrens to the inclusion by Mr. Malthus of "profits" in cost is good, says Senior, as against Mr. Malthus's word *profits*.

[1] P. 101.

[2] See *ante*, chap. vi, § 2.

[3] P. 58. Scrope, an English writer, 1833, said: "Profit is to be viewed in the light of a compensation for abstaining for a time from consumption in personal gratification." Mentioned by Böhm-Bawerk, *Capital and Interest*, p. 271. "But," continues Böhm-Bawerk, "this same idea which his predecessors merely touched on, Senior has made the center of a well-constructed theory of interest."

"Want of the term abstinence, or of some equivalent expression has led Mr. Malthus into inaccuracy of language. * * When he termed profit a part of the cost of production, he appears to us to have meant not profit, but that conduct which is repaid by profit: an inaccuracy precisely similar to that committed by those who term wages a part of the cost of production; meaning not wages, which are the result, but the labour for which wages are the remuneration." [1]

The clearness of thought here is gratifying in comparison with earlier discussions, but, as we have had occasion to urge before, the idea that it is erroneous to consider wages and profits as cost, confines the term to the meaning of subjective cost whereas there can well be other forms of cost. It may cost coal and machinery to produce an article, just as it may cost labor and abstinence.

3. The true cost of production of commodities, affirms Senior, would regulate their values if the only obstacles to their supply were the labor and abstinence required for their production. There are two different arguments given to substantiate this proposition. The first partially corresponds to the "philosophical" account of value, being stated in highly generalized terms without regard to the division of society into classes of capitalists and laborers.

"Where the only natural agents employed are those which are universally accessible, and therefore are practically unlimited in supply, the utility of the produce, or in other words, its power of producing gratification, or preventing pain, must be in proportion to the sacrifices made to produce it, unless the producer has misapplied his exertions: *Since* no man would willingly employ a given amount of labor or abstinence in producing one commodity, if he could obtain more gratification by devoting them to the production of another." [2]

[1] P. 100. [2] P. 97.

This passage, whether consciously or unconsciously, is a proposition about a primitive or a Robinson Crusoe economy. It affirms that the utility of products will be *in proportion to* their total disutility costs of production, but it does not affirm that production will be carried on until the utility per unit of the increasing number of products will be reduced until it is *equal to* the disutility cost of a unit. Except for the failure to make this latter observation, Senior's formula looks like an anticipation of later theories of value. This appearance is carried out by the use of the word "utility" for value. The word as here used was probably taken directly from Say; it cannot be Adam Smith's "*value in use.*" For if Crusoe produced at equal cost, measured in disutility, a small article of luxury and a great quantity of necessaries, and estimated the two at the same value—and this would be normal—the Smithian values in use distinctly would not be in proportion to sacrifice costs. The great quantity of necessaries would have a great "value in use," as contrasted with the small article of luxury, for which Crusoe nevertheless was willing to expend quite as much labor. "Marginal" or "final" utility would fit the requirements of this formula, but there is nowhere in the book the slightest evidence that Senior utilizes the marginal method. In fact, on the same page with this proposition is a paragraph which shows that he considers the value of things not capable of increase in supply—the "rare productions of nature and art"—to be subject to no general rule, because dependent merely on the wealth and taste of the community.[1] That is to say, unless there is some ascertainable rule governing the conditions of the supply of goods, there is no rule of their value. But the utility

[1] P. 97. *Cf.* p. 105.

theory is a whole explanation of value lying precisely in this region of no rules.[1]

4. We come shortly to the explanation that nearly corresponds with Adam Smith's "empirical account." Here the scene is the social economy. Cost of production—always the sum of labor and abstinence—must be divided into (a) cost on the part of the producer or seller and (b) on the part of the consumer or purchaser. The latter is the amount of labor and abstinence which would have to be undergone by the consumers if they themselves, or some of them in behalf of themselves and the others, were to resort to producing the good in question instead of buying it. The former cost sets the minimum limit to price, or exchange value. The latter sets the maximum. Under circumstances of free competition, when no producer possesses any advantage over another, these two limits coincide, and the price of commodities therefore represents the aggregate amount of labor and abstinence necessary to continue their production.[2] This division of cost into two parts, each forming a limit, is Senior's peculiar and inferior way of describing the action of competition among producers. He concludes nearly in the ordinary way:

"If the price should rise beyond the cost of their [the commodities'] production, the producers must receive more than an average remuneration for their sacrifices. As soon as this has been discovered capital and industry flow towards the employment which, by this supposition, offers extraordinary advantages. Those who formerly were purchasers, or persons on their behalf, turn producers themselves, until the increased supply has equalized the price with the cost of production."[3]

The reverse movement, of course, prevents an abnormal fall

[1] But yet of all English writers previous to Jevons, he develops the explanation most compatible with the utility theory of value.

[2] P. 101.

[3] P. 101.

of prices. This process of bringing exchange values into proportion to subjective costs of production, reduces itself simply to the adjustment of values to such a level that the wages and profits into which they are divided in each industry furnish the regular or average (as we should say, "static") remuneration to the labor and abstinence required for production.

5. We see, then, that where labor and abstinence are the only "obstacles" to supply, or where profits and wages are the only shares which "enter into" price, values will be in proportion to cost of production, which is not labor, but a "sum of labor and abstinence." The next question is, in what light does Senior regard *rent*. Rent, in his view, overturns the whole correlation of value with subjective cost of production. And here we are introduced to Senior's remarkable extension of the concepts of *rent* and of *natural agents*. In the first place, rent is defined to be the return to natural agents which are not universally accessible (p. 90). But in the second place, rent is defined to be the surplus of value produced above the amount required to remunerate the sacrifices of production.

"If the established division is adhered to, and all that is produced is to be divided into rent, profit, and wages,—and certainly that appears to be the most convenient classification,—and if wages and profit are to be considered as the rewards of peculiar sacrifices, * * * it is clear that under the term 'rent' must be included all that is obtained without any sacrifice; or, which is the same thing, beyond the remuneration for that sacrifice; all that nature or fortune bestows either without any exertion on the part of the recipient, or in addition to the average remuneration for the exercise of industry or the employment of capital." [1]

[1] Pp. 91–2. P. 128, the question of nomenclature is discussed all over again. Rent is "the revenue spontaneously offered by nature or accident."

Accordingly, rent includes not only the return to land, in the widest economic sense of this term, but also the return to secret processes of production, and to talents or extraordinary personal abilities.[1] This necessitates the very curious use of the words "natural agents" to include exclusive knowledge of, or right to, an advanced process, and talents or unusual faculties:

"The mere knowledge of the operations of nature, as long as the use of that knowledge can be confined either by secrecy or law, creates a revenue to its possessor analogous to the rent of land * * * so precisely resembling the rent of land, that it often receives the same name," (and it must be called rent).

The salary, wages, or remuneration of the laborer may really be composed of wages, rent, and profits:

"Is then the extraordinary remuneration of the labourers, which is assisted by extraordinary talents, to be termed Rent or Wages? It originates in the bounty of nature; so far it seems to be rent. It is to be obtained only on the condition of undergoing labour; so far it seems to be wages. It might be termed * * rent which can be received only by a labourer, or wages which can be received only by the proprietor of a natural agent. But as it is clearly a surplus, the labour having been previously paid for by average wages, and that surplus the spontaneous gift of nature, we have thought it most convenient to term it rent."[2]

[1] Pp. 91, 128–135. For general argument to justify inclusion of personal qualities within *wealth*, see pp. 9–10.

[2] *Ibid.*, pp. 129–30. Some of the extraordinary earning power or ability of the laborer may be the result of education and training for which sacrifices have been made. Such abilities are "*immaterial capital*," and the part of the whole wages due to them is really profit on this capital (p. 130). Then wages of skilled or professional labor may

6. Does this rent, the surplus of value above reward for true cost of production, "enter into price?" Senior does not use these words or discuss this question directly, but, although he follows Ricardo precisely in explaining rent as a differential return and defends the doctrine vigorously against Say's attacks, he assumes nevertheless, contrary to Ricardo, that rent does "enter into price" in the sense of constituting a source of permanent disproportionality of value to subjective cost of production. As was intimated some pages back, the state of free competition, as understood by Senior, is highly ideal, postulating not only the ordinary condition of ideal mobility of capital and labor, but also the use of none but free natural agents:

"When we speak, therefore, of a class of commodities as produced under circumstances of equal competition, or as the result of labour and abstinence unassisted by any other appropriated agent, * * * we do not mean to state that any such commodities exist, but that, if they did exist, such would be the laws by which their prices would be regulated." [1]

He takes up the example of the watch, a commodity adduced by McCulloch and others as having a value derived from labor cost alone, and shows that at every turn *rent,* of the diverse kinds he has defined, is paid out of its price.[2]

contain *rent* for inborn talents, *profit* for abilities acquired through the sacrifice called abstinence, and *wages* for the real disutility of labor incurred. "Forty pounds a year would probably pay all the labour that [a lawyer] undergoes in order to make, we will say, £4,000 a year. Of the remaining £3,960 probably £3,000 may be considered rent" (p. 134). "The intellectual and moral capital of Great Britain far exceeds all her material capital, not only in importance, but even in productiveness." *Ibid.*

[1] P. 114.

[2] P. 112. The payment of rent in every case is but the wedging in of a slice between value and the remuneration for cost of production.

7. What is the net result of Senior's argument for the labor-cost theory of value? In the first place, Senior had little to say about the difficulty of "fixed and circulating capital" which took so much of Ricardo's time. The reason is simple. Of course the values of products are out of proportion to their labor costs, because of the different lengths of time required to produce them. Two goods may cost the same labor, but differ in value.

"The principle is that, though in both cases the labour employed is the same, more abstinence is necessary in the one case than in the other."[1]

The great effort of Ricardo to force the facts into some conformity with the only philosophy of value he possessed, by asking us to consider "profits" an element about in proportion to wages cost, though they are not, becomes unnecessary from Senior's view-point. The motive to undertake this forcing of facts is undermined. For "profits" stand on the subjective basis of "abstinence," just as wages stand on the base of labor.

Furthermore, according to Senior, land rent "enters into" price. So far, both "profits" of stock and rent of land exist to destroy the proportionality of values to labor cost. This is the result to which Malthus's criticisms of Ricardo had led. But Senior's criticism goes beyond Malthus's. Wages, as an element in entrepreneur's cost, are not even in proportion to the labor remunerated. That is to say, this is what Senior says if we keep his thought while reforming his language. He states that the actual income, which we always call *wages,* is really composed in many cases of wages, profits, and rent. He says this because he wishes to define wages as that remuneration which is in proportion to sacrifice. In this departure in terminology we

[1] Pp. 100–101.

cannot follow him. It is the whole wage of a laborer which is truly analogous to the rent of a physical unit of land. Different laborers, of different earning capacities, could be conceived of as ranged in a scale, so as to give a differential aspect to their incomes. Senior's *rent to skill* is really *an excess of wages* over the amount required to be in proportion to disutility. As he himself wrote in one place:

"There are few employments in which extraordinary powers of body and mind do not receive an extraordinary remuneration. It is the privilege of talent to work not only better but *more easily.* It will generally be found, therefore, that the commodity or service produced by a first-rate workman, while it sells for more than an average price, has *cost less than an average amount of labor,* [*i. e.,* disutility.]"[1]

Said Ricardo: The principle of value is that labor cost regulates it; but this principle is considerably modified by the fact that the values of different commodities have to include different proportions of "profit." Piecing together for ourselves what Senior says, it is his position that the value of commodities must include (if the commodities are to be produced) rent, profits, and wages; rent and profits, being different percentages in the whole entrepreneur's cost of different goods, make values out of proportion to labor cost; there is no necessity of considering profits as an element in entrepreneur's costs approximately in proportion to wages; and lastly, wages are not in proportion to labor, which is disutility.[2]

[1] P. 129.

[2] In an unobtrusive position further on in the book he adopts the labor-command standard, but without discussion. "The best standard of value for philosophical purposes appears to be the command of labour." This appears to be an uncritical and passing acquiescence in the views of Malthus.

CHAPTER IX

JOHN STUART MILL

1. Though Mill regarded his exposition of the theory of value with great satisfaction—a fact that has occasioned innumerable thrusts at him since—his contributions to the whole subject were not great, considering the work of Ricardo, the criticisms of it by Malthus, and the abundance of suggestions in the writings of Senior. His terminological faults are gross, and in many places his thought is very loose. His entire discussion of value, above all, lacks precision. By value is to be understood exchange value, general power of purchasing, and Mill insists strongly on the necessity of keeping in mind that a general rise or fall of value so defined is "unthinkable." Value is purely a relative term. The conditions essential to value are utility and difficulty of attainment. Difficulty of attainment may "consist in an absolute limitation of supply" or in "the labour and expense requisite to produce the commodity."[1] When, in the latter event, labor is applied under conditions of diminishing returns, a third case of value is distinguished for separate treatment. Following Malthus in his important innovation of giving the "empirical account" precedence, Mill begins with the assertion that the law of

[1] *Principles*, 6th ed., vol. i, pp. 546–7. The language is uncritical. Absolute limitation of supply is not a case of difficulty of attainment, but a case of value apart from questions of difficulty of attainment. Senior's analysis was superior.

value of the first class of things—namely, those under an absolute limitation of supply—is merely the law of supply and demand.

"There is another law for that much larger class of things which admit of indefinite multiplication."[1] This is a law of entrepreneur's costs of production. While demand and supply rule alone in a certain field, and rule over the oscillations of value in all fields, in the case of reproducible goods,

"they themselves [*i. e.* demand and supply] obey a superior force, which makes value gravitate towards Cost of Production. * * * Demand and Supply always rush to an equilibrium, but the condition of stable equilibrium is when things exchange for each other according to their cost of production."[2]

Cost is called now by Ricardo's words "natural value;" now by Malthus's, "necessary price." Cost of production is defined as follows, in the chapter which summarizes the theory of value:

"Cost of production consists of several elements, some of which are constant and universal, others occasional. The universal elements of cost of production are the wages of the labour and the profits of the capital. The occasional elements are, taxes and any extra cost occasioned by a scarcity value of some of the requisites."

With respect to rent, Mill follows Ricardo for the general rule, instead of Malthus and Senior:

"Rent is not an element in the cost of production of the commodity which yields it; except in the case (rather conceivable than actually existing) in which it results from, and represents, a scarcity value. But when land capable of yield-

[1] Vol. i, p. 552. [2] Vol. i, p. 561.

ing rent in agriculture is applied to some other purpose, the rent which it would have yielded is an element in the cost of production of the commodity which it is employed to produce."[1]

If Mill had followed the lead given in the last sentence to its logical end, the result ought to have been the inclusion of ground-rent as an element in entrepreneur's costs. But, in spite of these concessions, he thought of rent habitually as failing to enter into price, and thus failing to be a cause of disproportionality between labor-cost and value.

2. The profit of capital is stated explicitly to be the remuneration of abstinence, but nothing is made to depend on this.[2] Abstinence is not elevated into a position logically coördinate with labor, nor are the two conceived of together as constituting subjective costs, as distinguished from entrepreneur's costs, consisting in profits and wages.[3] While the language of Mill in diverse places shows that he was well enough aware of the difference between the two main forms of cost, so little was this essential distinction ever ready in his mind that he is able to say, without realizing the offence, just as Ricardo does: "Besides the natural and necessary elements in cost of production—labour and profits * * ."[4] When the time comes to develop the traditional philosophical account of value, abstinence is forgotten. Labor alone comes to the front. The aberration, due to profits, of the value of products from the standard required by labor cost, is treated not in a "philosophical" account like Senior's, which endeavors to include and explain the case, but is regarded as an exception to the "philosophical" explanation, or as an error in it.

[1] Vol. i, p. 589. [2] Vol. i, p. 568.

[3] The socialists' attacks upon abstinence as a cost are really directed against the *ethical* coördination of it with labor.

[4] Vol. i, p. 574.

3. There is a place in his book where Mill wavers in the decision to include profits in cost of production. The probable explanation of his hesitancy is of considerable interest, for it suggests the internal weakness of the theory that cost in any form is the essence of value. His doubt arises in connection with the familiar case of the relative values of a cask of wine and a piece of cloth, originally costing the same amount of labor in their production. The difficulty arises from the fact that the wine alone continues to increase in value through mere lapse of time:

> "The wine and the cloth were made by the same original outlay. Here then is a case in which the natural values, relatively to one another, of two commodities, do not conform to their cost of production alone, but to their cost of production plus something else."

In this sentence Mill excludes "profits" from cost. But he continues: "Unless, indeed, for the sake of generality in the expression, we include the profit which the wine merchant *foregoes* during the five years in the cost of production of the wine."[1] The word "foregoes" (not italicized by Mill) is uncalled for. The wine merchant does not get profits he foregoes elsewhere, but the profits he makes from the added value of the wine. They might be greater or less than the profits foregone elsewhere. The forces tending to make them equal to those elsewhere relinquished are precisely the same in this case as in any other. If they are greater, more five-year-old wine will be brought to the market and its price will fall, and if they are less the reverse will happen. What is the difference between this case and the case of an ordinary industrial product that Mill should falter so? Does capital (using the term in the

[1] Vol. i, pp. 569–70.

sense defined by J. B. Clark), the fund of wealth employed in production, play different rôles in the two cases? Not in the least. Suppose a fund of capital is embodied in a certain quantity of raw material for a certain length of time until the same becomes final product. The final product, besides covering all other expenses, affords a sum of value equal to the capital invested in materials plus the interest on it. The difficulty felt in the case of the wine was undoubtedly that no tools, machinery, or labor were employed upon it during the time of its improvement in value. The changes working within it effected its increase in value merely by augmenting its utility to users of wine. The increase of value, secondly, affords a "profit" or interest. This profit may strike the mind as a surplus over cost to the entrepreneur, but the relation of this interest to the value of the final product is precisely the same as in any common case of manufacture. Interest as a cost can influence the value of the product only by influencing its supply. To discover the essential nature of value, we must lay bare the causes which determine what the value of a given supply is, independently of its cost. Cost and value may, in certain cases, tend to make mutual adjustments, but these are effected only by means of changes in supply. Value is not determined by cost *per se,* or, that is to say, cost is by no means of its essence. In the ordinary case, if one capital is employed for a longer time than another, the outwardly active process of production is continued for a longer time. If extra profit accrues through a time when labor works and wheels turn, it is easy to say that profits must be paid, and therefore the value of the product must be of such and such an extent. But in an instance where the value increases without the whirl of wheels and the manipulation of tools, the phenomenon naturally presents itself to the mind in an unfamiliar aspect. The wine

merchant remains passive, and it seems plain that instead of his expense dictating what the value of the wine shall be, the truth is, he takes what the causes independently determining the value of the wine give him. Beyond a doubt there is a relation of cost to value, but there are instances where the ultimate philosophy that cost is the very essence of value applies with such unsatisfactory results that any but the most doctrinaire classical economist must falter and hasten on.

4. If "profits" are a part of entrepreneur's cost of production, the question which confronted Ricardo must reappear. Does not the variety of the proportions in which fixed and circulating capital are combined in production, free values from the regulation of labor cost? The consideration of this question in Mill's *Principles* is accompanied by unpardonable blunders in terminology. Mill's mind seems here completely tradition-ridden. The havoc is wrought in the use of terms by adopting the view that besides labor cost influencing value, wages also influence it. In the topical analysis (Table of Contents, vol. i, p. 15) the outline of the chapter on cost of production proceeds as follows:

> "Principal element in cost of production, quantity of labour. Wages not an element in cost of production, except in so far as they vary from employment to employment."

When cost is used in a sense which makes labor one of its elements, wages are not an element in so far as they vary from employment to employment, or in any other way. In the sense of cost in which wages are an element, the variation of the latter from employment to employment is an irrelevant consideration. Again we find such an observation as the following: "The relative wages of the labour

necessary for producing different commodities affect their value just as much as the relative quantities of labour." [1] In the chapter on Ricardo, we saw how this form of expression originated, and determined what the comparatively simple truth is which it so awkwardly conveys. Wages cost, instead of affecting values "as much as" labor cost, does the whole of the affecting; and labor cost affects values only as it affects wages cost. The end of it all is, Mill concludes, with Ricardo (and without improvement upon Ricardo), that a variation of the general rate of wages alters the exchange relations of commodities produced with different combinations of "fixed" and "circulating" capital, independently of the comparative labor costs of the same. What is true of Ricardo's statement is true of this. The proposition regarding the effect of a change of the general rate of wages (or of the rate of profits, for one must always accompany the other in the view of Ricardo and Mill) upon "relative values," may be a true dynamical principle; but the qualification of the original labor-cost theory of value which is contained in this is statical. Exchange values are statically out of proportion to comparative labor costs, without any reference to changes in rates of wages and profits. [2] The reason is that interest is an element in entrepreneur's costs as well as wages. Of the total of wages plus interest, in some cases interest may be 30 per cent., in other cases 60 per cent., or virtually any other per cent. Values being in proportion to the total, cannot be in proportion to either element alone.[2]

[1] Vol. i, p. 507.

[2] Mill emphasizes the fact that he is considering the causes of variations in values. It remains true that both he and Ricardo should have considered the causes of statical aberration of values from the standard of labor cost.

[3] It may be useful to recall the explanation Ricardo made of his posi-

5. Up to the present point, Mill has not taken a decided stand in favor of any qualification of the labor-cost theory which Ricardo had not also approved. In his treatment of skilled labor he admits of a further qualification. Ricardo handled the subject in a very unsatisfactory manner. While he gave the appearance of finding no difficulty for his law of value in skilled labor, he unconsciously evaded the real question at issue. Mill writes:

"When the wages of an employment permanently exceed the average rate, the value of the thing produced will, in the same degree, exceed the standard determined by mere quantity of labour. Things, for example, which are made by skilled labour, exchange for the produce of a much greater quantity of unskilled labour; for no reason but because the labour is more highly paid." [1]

The plain implication of this passage is that skilled labor receives remuneration out of proportion to the quantity of labor rewarded. Therefore it is also implicit that quantity of disutility is what determines quantity of labor. Since labor cost operates upon exchange values only by way of wages cost, in so far as wages cease in fact to be an accurate index of real labor cost, a new difficulty is created for the labor theory—one very important in principle. Mill him-

tion with regard to this point. "I have not said, because one commodity has so much labour bestowed upon it as will cost £1000 and another so much as will cost £2000 that therefore one would be of the value of £1000 and the other of the value of £2000, but I have said that their value will be to each other as two to one. . . . . It is of no importance to the truth of this doctrine, whether one of these commodities sells for £1100 and the other for £2200, or one for £1500 and the other for £3000." (Gonner ed. Ricardo's *Principles*, p. 39.) The interest qualification signifies that the commodities may exchange at other ratios than two to one.

[1] Vol. i, p. 566.

self lays little emphasis upon this point. He regards the superior remuneration of skilled labor as due virtually to a failure of perfect competition. In presenting the subject in this light, he anticipates the important theory of non-competing groups later developed by Cairnes:

"We have before remarked that the difficulty of passing from one class of employments to a class greatly superior, has hitherto caused the wages of all those classes of labourers, who are separated from one another by any very marked barrier, to depend more than might be supposed upon the increase of the population of each class, considered separately; and that the inequalities in the remuneration of labour are much greater than could exist if the competition of the labouring people generally could be brought practically to bear on each particular employment." [1]

It is hardly necessary or advisable to define perfection of competition in such broad terms as to make it require that the remuneration of skilled labor should be reduced to the standard of disutility of labor. In any event, the tendency of remuneration to approach such a level is ineffective, and therefore negligible. Static principles may be conditioned upon assumptions contrary to fact, but the assumptions are never to be made so violent that the law is not an effective force which must be apprehended before dynamic reality can be explained. Under perfect competition, properly defined, skilled labor is still a thorn in the flesh of the old theory of value.

6. It remains to summarize Mill's view of the relation of labor cost to exchange value, and to compare it with the views of Ricardo, Malthus and Senior. In Mill's own language we find the following summary: If one thing ex-

[1] Vol. i, pp. 566–7.

changes for more than another, the cause must be that "it requires for its production either a greater quantity of labor," or (1) "a kind of labour permanently paid at a higher rate," or (2) "the capital which supports that labour must be advanced for a longer period," or, lastly, (3) "the production is attended with some circumstance which requires to be compensated by a permanently higher rate of profit." "Of these elements, the quantity of labor required for the production is the most important; the effect of the others is smaller, though none of them is insignificant." [1]

The qualification which we have numbered one (1) is an addition to Ricardo's list of qualifications. Number two (2) is Ricardo's own work; and of number three (3) he is aware, though he abstracts from it with his customary facility.[2] In the end, we may say that Mill placed more stress on qualifications of the labor theory than did Ricardo. Senior made both ground rent and the superior wages of skilled labor causes of qualification of the labor-cost theory. Mill took Senior's view of skilled labor, but took his stand with Ricardo on the general question of ground rent.

[1] Vol. i, p. 590.

[2] See Ricardo, *Principles*, p. 83. "Let us suppose that all commodities are at their natural price, and consequently that the profits of capital in all employments are exactly at the same rate, or differ only so much as, in the estimation of the parties, is equivalent to any real or fancied advantage which they possess or forego."

CHAPTER X

CAIRNES

1. THE political economy of J. E. Cairnes is virtually a treatise on value and distribution.[1] The points in his work which are of interest to our present purpose are his analysis of cost of production and his famous innovation, the theory of non-competing groups.[2] The views of Cairnes resemble those of Senior in many ways, and are exceedingly destructive of the labor-cost theory, more so than he seemed to realize or cared to admit.

The conditions essential to the existence of value are given as utility, difficulty of attainment, and transferableness.[3] This is Senior's statement with the inferior term, "difficulty of attainment" substituted for "limitation in supply." How the substitution could be made in the face of Senior's reasons against it, is one of the ever-recurring riddles in the history of the philosophy that in some way cost is the essence of value. The theory of value is, according to the best usage of the day, initiated by a discussion of supply and demand. Cairnes posed as a critic of Mill's

[1] *Some Leading Principles of Political Economy Newly Expounded.* London, 1874.

[2] A third point might be taken up were it not for the fact that Cairnes's treatment of it is hardly worthy of consideration. This is his rebuttal against the then newly appeared utility theory of Jevons. Cairnes seems to have had virtually no understanding of the point Jevons was trying to make.

[3] P. 9.

conception of the law of supply and demand, but Professor Marshall has shown conclusively that Mill was correct in substance while Cairnes was not.[1] Following Mill, Cairnes next proceeds to cost of production as an influence fundamental to that of supply and demand. "The supply of a commodity tends to adapt itself to the demand at the normal price," or at that price which just suffices to yield to the producers "the average and usual remuneration on such sacrifices as they undergo."[2] These sacrifices are the elements which constitute cost of production. In the formal definition of cost, Cairnes makes it include "the ultimate elements—labour, abstinence, and risk."[3] But the coördinate position of risk is not maintained. For, in the discussion of cost in detail, risk to laborers is held to be a factor in labor cost, and risk to capitalists a factor in abstinence cost.

"We find labour as an element of cost of production measurable by reference to three of its incidents, and to three of its incidents only—1st. the duration of the exertion, or the quantity of labour, 2d. its severity, or irksomeness; and 3d. the risk attending it."[4]

[1] See Marshall's *Principles*, 3rd ed., p. 172, note, and also the reference there cited, *Fortnightly Review*, April, 1876.

[2] P. 41. Cairnes claims, with great justice, that his term "normal value" or "normal price" is superior to the old terms "natural" and "necessary" price (p. 46).

[3] P. 82.

[4] P. 88. It is a waste of terms to call the duration and quantity of labor the same thing, and consequently to consider the quantity of labor cost and quantity of labor different things. Smith and Ricardo merely touched on this matter, but the former says in a passage incorporated also by the latter in his text: "There may be more labour in an hour's hard work than in two hours early business;" or quantity of labor is the product of duration multiplied by disutility per unit of time; and this is the preferable usage.

As for abstinence:

"the sacrifice will be measured by the quantity of wealth abstained from, taken in connection with the risk incurred, and multiplied by the duration of the abstinence." [1]

With this much said, Cairnes drops risk from consideration. We may follow his example in the present chapter, since the precise relation of risk or risk-taking to cost of production need not be decided in order to determine the import of Cairnes's work for the labor theory.

2. In Cairnes we find a repetition of the protest of Senior against the definition of cost from the point of view of the capitalist-entrepreneur. Thus Cairnes is "compelled to dissent" from the "radically unsound" doctrine of Mill, that wages and profits compose cost of production.

"Of all ideas within the range of economic speculation, the two most profoundly opposed to each other are cost and the reward of cost. * * * Cost and remuneration are economic antitheses of each other. * * * Now in the analysis of cost of production which I have quoted [*i. e.* Mill's] these two opposites are identified." [2]

Cost cannot be defined from "the partial and limited standpoint of the capitalist-employer." [3] Cairnes makes an excellent and eloquent plea for his idea, but truly all that can be conceded to him is that the two kinds of cost must be scrupulously distinguished, and that propositions true only of disutility costs must not be affirmed of entrepreneur's costs, and *vice versa*.. As for the views of Mill, this economist stated that wages and interest are rewards as well

[1] P. 97. Abstinence is described as a "negative" sacrifice except for the "small positive element of risk."

[2] P. 50. [3] P. 58.

as costs. The gross inconsistencies, however, of Mill's language in different parts of his book justify scathing criticism.

3. Cairnes does not quit the subject of the measurement of the subjective cost without turning his attention to an incidental problem not touched, I believe, by his predecessors. He states that the effort required to produce a given result does not represent the same sacrifice for different persons, being one thing for the strong or experienced and another for the weak or untrained. Similarly a given sum of capital may stand for no appreciable self-denial on the part of the person contributing it, if he be rich, but for very rigid self-denial if he be poor or in moderate circumstances. How are such differences, Cairnes asks, to be dealt with in computing the cost of production?

"The sacrifices to be taken account of, and which govern exchange value, are, not those undergone by A, B, or C, but the average sacrifices undergone by the class of labourers or capitalists to which the producers of the commodity belong."[1]

In view of the fact that the word *average* as often serves to cover up the lack of an explanation as it serves to explain, Cairnes would have done well to be a little more explicit. As the present writer understands it, a few additional words will place his idea beyond possible misconception. If we call the capitalists who can furnish a given sum of capital at a small sacrifice, and the laborers who can furnish a given amount of labor (in the sense of productive power) at a small sacrifice, strong producers, and call others who are situated in reverse circumstances from these, weak producers, Cairnes's proposition about "average sacrifice" means that "within a given field of competition" we may expect the individually strong and individually weak

[1] P. 95.

producers to be thoroughly and uniformly intermingled. With this meaning, the statement certainly commands assent. With this idea understood, we are able to speak of the labor of coal miners as being harder than that of dry-goods salesmen, without thought of the unusual cases where a very healthy miner suffers less fatigue and discomfort than an invalid salesman.

4. Proceeding with labor and abstinence as cost of production, Cairnes describes the relation of cost to value in terms clearer than any before attained in the regular line of English *"Principles."* Wages and "profits" are derived from the value of the product, and "absorb the whole of that value,"

"with the exception of the case where rent is also an element in the value of commodities—a case which, those acquainted with the economic theory of rent will perceive, does not affect the general argument." [1]

These words make the sum total of Cairnes's discussion of rent, though he has written a large volume devoted chiefly to value and distribution. Value is then everywhere divided into wages and profits. If these wages and profits are in proportion to the sacrifices remunerated, value is in proportion to the sum of these sacrifices, or cost of production. The question, then, becomes definite. Are wages everywhere in proportion to the labor for which they are paid, and is interest an amount proportionate to the abstinence remunerated? Strange as it may seem, this simple question—the affirmative answer to which is necessary to establish the regulation of exchange value by "real" or subjective cost of production—was never proposed by Mill or any of his classical predecessors.

[1] Pp. 62–3.

5. To answer this question, it is first necessary to inquire how far effective competition is realized in actual industry (*i. e.*, in English industry, and for purposes of present-day theory, English industry of Cairnes's time is a very proper system to consider); for wages and profits will be in proportion to the sacrifices undergone "wherever, and only so far as competition prevails among producers," and laborers and capitalists have an "effective choice" in selecting from the various occupations in the industrial field. First, Cairnes gives a very clear explanation of the process by which the flow of capital and labor can be redistributed over the industrial field without the transfer of individual units already specialized.[1] This disposes of some exaggerated and erroneous ideas regarding the failure of competition; but the next step is taken by Cairnes himself, who points out an important limitation of competition not emphasized by previous writers. This limitation applies only to the competition of laborers:

"The competition of capital being as we have seen, effective over the entire industry of each commercial country, it follows that so much of the value of commodities as goes to remunerate the capitalist's sacrifice * * * will correspond throughout the range of domestic industry with that portion of the cost which falls to the capitalist.[2]

Not so in the case of labor:

"What we find, in effect, is, not a whole population competing indiscriminately for all occupations, but a series of industrial layers, superposed on one another, within each of which the various candidates for employment possess a real and effective power of selection, while those occupying the several strata are, for all purposes of effective competition,

[1] Pp. 65–70. [2] P. 74.

practically isolated from each other." * * * "We are thus compelled to recognize the existence of non-competing industrial groups as a feature of our social economy." [1]

6. It follows from this that the exchange relations of commodities produced by laborers in different industrial groups are "not governed by the principle of cost of production." And the result is much complicated, because even a single commodity is "very frequently" the product of the labor of more than one industrial group.[2] The terms of exchange between two commodities will be "governed by more than one principle."

"So far as the two commodities are the products of workmen in competition with each other, their values will be governed by cost of production, but so far as they proceed from workmen not in mutual competition, they will be governed by that other principle, yet to be ascertained, which governs normal values in the absence of competition." [3]

It "generally happens that the bulk of the value of each commodity follows one law, * * * while a small remaining element is governed" by the other law.[4] This unsatisfactory idea is at times better expressed in another way, namely, the law of costs governs a good's value in exchange with commodities produced by the same order of laborers, but not in exchange with commodities produced by different orders.

[1] Pp. 72–3. Cairnes makes the same classification of the industrial population into groups that Mill made. For criticism and a new classification see Giddings, "The Persistence of Competition," *Political Science Quarterly*, vol. ii, p. 69 *et seq.*; and J. B. Clark, "The Limits of Competition," *ibid.*, p. 45 *et seq.*

[2] P. 76. "Very frequently" ought really to be "nearly always."

[3] P. 76.

[4] P. 80.

"The true conception of the law of cost is thus, not of a law governing universally the values of any class of commodities, but that of one governing the values of certain commodities in certain exchanges." [1]

7. We come now to the second coördinate principle of value, existing in addition to the principle of cost of production, and held to divide with it the control of actual values. This is the so-called law of reciprocal demand. It is simply Mill's law of reciprocal demand as developed by him to explain international values, applied by Cairnes to the "strictly parallel case" of inter-group values. International and inter-group values, or the relative prices of the products of different nations or of different groups,

"do not vary at random irrespective of rule or measure, but exhibit precisely the same tendency to gravitate towards a central point as is manifested in those exchanges which are governed by cost of production." [2]

These words surely attribute a very exact control of values to the "principle of reciprocal demand." But after perusing a very interesting pièce of text (pp. 99-105), in which Cairnes applies Mill's doctrine of international value, point by point, to the problem of non-competing groups, we come upon a very important difference between this principle and that of cost in respect to control of values.

"They each * * furnish a centre about which market values gravitate; but there is this difference between the two cases: The centre furnished by Cost of Production stands related to the fluctuations of the individual commodity; that supplied by Reciprocal Demand to the average fluctuations of considerable aggregates of commodities. A reduction in the

[1] P. 80. [2] P. 98.

cost of producing a hat will lower its price. * * But an alteration in the reciprocal demand of two trading nations (or of two non-competing groups) will act upon the price not of any commodity in particular but of every commodity which enters into the trade. What such an alteration necessitates is a change in the *average* terms on which the trade is carried on; but *it decides nothing as to the details by which the required average shall be attained and maintained.* * * * In the interchanges of non-competing domestic groups, what the reciprocal demand of the groups determines is the average relative level of prices within each group; the distribution of price among the individual products being regulated by the cause which governs value within it, namely, cost of production." [1]

It develops that the law of reciprocal demand fails completely of being a principle coördinate with, and similar to, that of costs. Instead of ruling exchange values in the same way as cost of production, only in another field, it turns out that the force of reciprocal demand is incapable of determining the value of any single good. The principle of reciprocal demand fails signally of fulfilling Cairnes's promise of a principle other than that of cost, which will provide for a central point of gravitation of inter-group exchange ratios. The purport of the argument of Cairnes is no more than this: the law of reciprocal demand merely requires the general level of international exchange values to be such that in the long run the exports of a nation just discharge its liabilities, or, in other words, that its exports and imports will be led to balance, except for the payment of interest on foreign debts, cost of carriage to foreign ship-owners, *etc.* Cairnes applies the law without changing line or point to interchange between non-competing groups.

[1] Pp. 105–6. The italics are mine except for the word "average."

8. It is not necessary, in view of our present purpose, to enter further into the nature of the law of reciprocal demand. The question of importance to us is the effect on the labor-cost theory of value of the doctrine of non-competing groups. Cairnes's famous doctrine merely adds emphasis to a point already made by Senior, namely, that the wages of skilled labor are out of proportion to the amount of labor cost remunerated. Though Cairnes rejects the definition of cost as entrepreneur's cost, his whole argument signifies that subjective cost, or pain cost, can control market value only by way of controlling the wages and interest elements which compose entrepreneur's cost. As for the element of interest, Cairnes, like Senior, holding interest to be paid for abstinence, places it upon an independent basis of subjective cost, and makes it logically coördinate with wages; and Cairnes would treat the difficulty of interest, or the difficulty of "the different proportions of fixed and circulating capital," not as Ricardo did, but precisely as Senior did.[1] As for the element of wages cost, the doctrine of non-competing groups signifies that the comparative wages cost of different commodities may fail to represent their comparative labor costs, or specifically, that they do so fail, when we compare the cost of commodities produced by different non-competing groups. Even if labor cost were the only kind of subjective cost that the entrepreneur has to remunerate, true labor cost would still fail to control exchange values, because the comparative wage expenses of entrepreneurs are not in proportion to the true amount of labor remunerated in each case.

[1] That is to say, for Senior and Cairnes, interest is no longer an unexplained difficulty in the way of the cost philosophy of value, but the conception of cost has been widened so as to include and explain the case of interest. Cairnes has no longer a labor-cost philosophy, but a subjective cost philosophy of value.

In the view of Cairnes, skill as such cannot be called an element in cost of production. But skill may be, and generally is, he continues,

"an indication of that which is an element in cost—namely, the sacrifice whether in the form of labor or abstinence, undergone in acquiring the skill. * * * The point to be attended to is that the addition made to the cost of production [*i. e.* by the employment of skilled labor] is in proportion * * * [only] to the sacrifice."[1]

If competition were effective between groups of laborers, it would result that wages would be forced to correspond with the disutility of labor in all employments, skilled or unskilled (the disutility of acquiring the skill being weighed by the competitors along with the daily disutility of the occupation). In the absence of effective competition—namely, under the actual conditions of non-competing groups—skilled labor generally receives a wage beyond that proportionate to the comparative disutility, past and present, incidental to it.

Cairnes himself refused to regard his innovations as causing any substantial damage to the older theories, for of his whole doctrine of non-competing groups, he says:

"In effect the point in question is of little more than theoretic importance. As a point of theory it is proper to notice it, but the circumstance it deals with has little sensible effect on the facts of exchange."[2]

9. In the opinion of Cairnes, then, there is a failure of the law of costs due to a *failure of competition.* Since Ricardo expressly postulated "perfect competition" as a condition essential to his theory, it might seem as if the

[1] P. 84. [2] P. 78.

difficulty of non-competing groups is one against which he has taken the necessary precautions. This, however, can hardly be the case. Ricardo's discussion of the subject of skilled labor is so indefinite that his intentions, with respect to the meaning of the words "perfect competition" in this connection, are not obvious. But, in all probability, Ricardo could not have meant that the postulate of perfect competition provides against the wages of skilled labor being in excess of those of common labor. For if he had meant this, he would not have written the section he gives us on skilled labor.[1] In this he says, in effect, that the degree in which different kinds of skilled labor enjoy higher wages does not change greatly from time to time (this itself an error), and that nothing more need be said, since he is considering only the causes of *change of "relative" values* (this is also incorrect).

We will take it for granted, then, that by his assumption of free competition Ricardo did not intend to abstract from the difficulty of skilled labor. We certainly could not approve of such a procedure if he had adopted it; for there is so little tendency for actual competition to remove the superior remuneration of skill, that this tendency should not be recognized among legitimate or effective static forces.[2]

[1] *Principles*, chapter i, section iii. *Cf.* chap. v, sec. iv of the present essay.

[2] The validity of a theory is not proved if *some* tendency can be shown to be in keeping with it. The tendency must be *effective*. When the forces that oppose a tendency are relatively great, or the mere obstacles in its way relatively immovable, the tendency cannot be assigned the rank of a force or be laid down as an economic law, not even a static law. True, the difference between an effective and an inoperative tendency is only one of degree. This makes it difficult to decide upon the claims of a proposed law in the particular case, but this is a difficulty which cannot be avoided. The weaker the tendencies taken cognizance

The conclusion is that Ricardo did not examine the problem of skilled labor sufficiently, and that the work of Senior, and especially of Cairnes, shows that in this problem there resides a grave difficulty for the labor theory. Neither Senior nor Cairnes took occasion specifically to point this out themselves. To discover that such is the effect of their writings becomes the task of the historian of theory. Though Cairnes refuses to give the name "cost" to entrepreneur's expenses, at bottom his teaching means that the labor cost "philosophy" of value cannot be true, because it is in conflict with the more certain "empirical" laws of value.

of in a given static theory, the more idealistic or refined is that theory. And, at least after a certain point is reached, the more refined the theory becomes, in this sense, the less its degree of validity. To illustrate this, we need but to refer to the present question of skilled labor. Throughout the classical economics runs the idea that the superior remuneration of skill really rewards the extra disutility necessarily undergone in acquiring the skill. Now, if the movement of men among occupations were calculated solely with reference to this disutility, and were free enough, the actual wage of skilled labor could be said to be adjusted to the disutility of the occupation, including the past disutility of acquiring the skill. The extra part of the wage would be a sort of interest on disutility already expended, as suggested expressly by Adam Smith and by Senior. But we need not pursue this idea into its minor complications. The point desired to be made is that the tendency for actual wages of skilled labor to adjust themselves to the disutility of the skilled labor is so submerged (permit a questionable metaphor) beneath other forces, that it makes a theory over-refined to recognize it as a law. I believe it possible to justify nearly all the older theories of value by making a static state to order for each writer, that is, by making one over-refined enough. Put in other words, so far as the older economists were not guilty of self-inconsistencies, their theories could be justified by granting them sufficient *assumptions*. The latter is what we refuse to do. An example of a legitimate static law is that wages tend to equal the specific value-product of labor, as contrasted with the theory that wages tend to adjust themselves to the disutility *of the task* performed.

CHAPTER XI

THE ULTIMATE RELATION OF COST TO VALUE

1. The history contained in the preceding ten chapters covers but a limited number of English writers. At the time of writing, a short list of economists was drawn up in advance, which enumerated the thinkers at that time generally regarded as the leaders in the development of the old English political economy. It was stated at the outset that the purpose was to review the opinions of these writers only. An endeavor was made to define this purpose as being to make an *intensive* rather than an *extensive* study of the history of English theory. By an extensive study we should mean the effort to discover writers who have made important contributions to the thought the history of which is being traced, but have been previously unrecognized or insufficiently accredited. Such examinations into the history of English economic literature will probably in the immediate future result in important alterations in what might be called our accepted lists of chief writers. It will be found that thinkers now supposed to have expressed the doctrines of their time with the greatest clearness and power were in some cases surpassed in these points by writers at present almost or quite forgotten. Or it will be found perhaps that new ideas—such for instance as the conception of marginal utility—really originated earlier than at present supposed.

A brief time elapsed between the writing of the tenth and the eleventh chapters of this essay. But in this per-

iod there has been published a discussion of the work of some earlier British economists, which establishes beyond a doubt that the marginal utility theory of value was conceived and formulated in most excellent fashion by an English writer as early as 1833, two decades before Gossen and a generation before Menger, Jevons and Walras. The English writer was W. F. Lloyd, Professor of Political Economy at Oxford. A full description of Lloyd's theory, with citations showing the excellence of its statement, appeared in *The Economic Journal*, over the signature of Professor Seligman, of Columbia University.[1] Professor Seligman has called attention to still another writer of great consequence because of his contributions to the theory of value. This is Mountifort Longfield who, as Professor Seligman states, in 1833 gave an able exposition of what is now the modern doctrine of marginal demand and marginal cost.[2]

Avoiding the larger task involved in the extensive study of the history of the theory of value in England, the present monograph has endeavored to interpret the labor theory as it passed through the minds of some nine economists beginning with Smith and ending with Cairnes. The history is that of a subjective-cost philosophy of value and the difficulties of its application to explain the facts of industry. According to this philosophy, or this ultimate explanation, utility is a condition essential to the existence of value, but cost or difficulty of attainment is the *essence* of value. The idea was elucidated by a variety of figures of speech. Utility was conceived as a sort of resting-ground for value, but the height of value

[1] "On Some Neglected British Economists," *Economic Journal*, v. xiii, pp. 357–363.

[2] *Ibid.*, p. 527.

upon this ground, the value as an *amount*, was held to be determined by or measured by cost of production. Thus Ricardo wrote to J. B. Say:

> The utility of things is incontestably the *foundation* of their value, but the degree of their utility cannot be the measure of their value. . . . The difficulty of [a thing's] production is the sole measure of its value.[1]

Karl Marx was accustomed to speak of value as "a congelation of human labor," and to speak of a useful object, or an object made useful in the process of production, as a sort of receptacle for value.

In his involved "philosophical" account of value, as we termed it, Adam Smith taught that the value, or "real worth," of a good is measured equally well by the amount of labor which it has cost to produce, or by the labor which it can command in exchange. When, however, Adam Smith turns his attention to the proximate principles of value in the actual competitive market, we find him confessing that the theory which he first developed applies without modification only to a primitive state of society, without land rent and interest on capital. In this primitive state the amount of labor which a commodity costs determines the amount of labor which it can command in exchange. Under the conditions of advanced society, the rent of land and the "profits of stock" must come out of the exchange value of the product, and the labor cost of the latter, which is paid for by wages, no longer determines its value.[2] If we take advantage of modern terminology, and throw

[1] See *ante*, pp. 44–5.

[2] Adam Smith nevertheless retains the "labor-command" measure of value as applicable to the conditions of advanced society, for criticism of which see *ante*, pp. 30 and 39.

Adam Smith's theory into our own words, we make its precise significance clearer. It means virtually that the exchange value of a good in the fully developed social economy is determined by its *entrepreneur's* or *money* cost of production, so far as it is determined by cost at all. Competition must be perfect to enable cost to determine actual values. Entrepreneur's cost is composed of expenditures for wages of the labor, rent of the land, and "profits" of the capital necessary for production. The labor cost of producing the commodity determines only the amount of the wages cost to the entrepreneur. The other elements helping to make the total of entrepreneur's cost are not determined by the labor cost of producing the commodity. Thus the exchange value of a good is determined by its entrepreneur's cost, but this latter is not determined by labor cost, and consequently the exchange value of the good is not determined by labor cost. The existence of rent and interest destroys the regulation of exchange values by labor cost. It must be kept in mind that all this is very much more explicit than what Adam Smith said. It signifies that the labor-cost philosophy of value cannot be true—perhaps Smith would say only that it is imperfect or not precisely true—because it is in conflict with a more certain empirical law of value, namely, the law of entrepreneur's cost.

Ricardo adopted the labor-cost philosophy of value virtually as a premise, and the most important parts of his reasoning on the subject are concerned with removing or minimizing the empirical difficulties with this philosophy.[1] In the end he admitted that interest is an

[1] Since the chapter on Ricardo herein contained was written, it has been suggested to the writer that he is mistaken in attributing any

element in that form of cost which exercises the most direct and compelling influence on exchange values. He made concessions, which pursued to their logical outcome, signify that the existence of interest throws the exchange values of goods out of proportion to their pure labor costs of production. We have seen how he put this concession in a peculiar and misleading manner.[1] As for rent of land, Ricardo hastens to repudiate Adam Smith's admission that it also is a source of difficulty to the labor theory. He gets rid of rent by explaining that

"philosophical" account whatsoever to Ricardo, that in fact Ricardo's whole treatment is purely empirical. The writer cannot concur in this judgment. It is admitted that Ricardo virtually takes this philosophy for granted, instead of endeavoring to establish it, but the almost appalling confusion into which his exposition of value falls when the difficulty of interest is reached (see *ante*, chap. v, §§ 5–9) can be explained, so it is believed, only according to Wieser's interpretation of Ricardo's work. This is, namely, that he is endeavoring to force the empirical principles, or the "facts" of entrepreneur's cost, to fit the labor philosophy. A thinker who confined himself to a purely empirical analysis would never reach the labor-cost thesis with which Ricardo opens at once his chapter on value and his *Principles of Political Economy*. The thesis is *a priori*, that is, as contrasted with the theory of entrepreneur's cost. If Ricardo were working with merely an empirical account of value, and were not embarrassed by an uncertain philosophy of value, how would he ever come to speak of the cost of production, which determines value, as consisting of "labor and profits!" He should say "wages and profits." Again, how would he be led to commence his chapter on "Natural and Market Price," by the assertion that the market price of a commodity can deviate temporarily from its "natural price, or the quantity of labor which it has cost!" No empirical theory would lead to the statement that the normal price toward which competition forces actual prices is a *quantity of labor*. This natural price is Adam Smith's "philosophical" natural price or "first price," namely, labor.

[1] He stated it in the form of an admission that, besides changes in labor cost, there can be a second cause of *variations* of the exchange ratios between commodities, namely a rise or fall of the general rate of interest. He first stated the second cause to be a fall or rise of the general rate of wages, but in his view this is equivalent to a rise or fall of "profits," *i. e.*, interest. See *ante*, chap. v, §§ 7 and 8.

the exchange values of commodities are regulated by the quantity of labor required for production on the least fertile land in use, or the quantity required to produce the most expensive portions of the supplies. In modern phraseology, he urged that it is not the actual labor cost of a good but its marginal labor cost, which regulates its value. Ricardo himself used that fatally ambiguous formula, "rent does not enter into price." Having removed rent by making the value determining cost marginal, and having minimized the difficulty of interest, Ricardo proceeded as if the labor theory were, for the sake of argument, intact.

The chief purport of the work of Malthus was, first, to deny Ricardo's right to disregard the interest difficulty and, second, to reaffirm Adam Smith's opinion that land rent also throws values out of relation to labor costs. Turning now to Senior, who was the next writer to suggest a worthy and new idea, we find that in the view of this economist the existence of land rent and interest as elements in entrepreneur's cost is fatal to the labor theory. But Senior explained interest as the reward for abstinence, just as wages are the reward for labor. In his view labor and abstinence are independent, co-ordinate elements in subjective cost.[1] However, the more important idea that can be extracted from Senior's reasonings is that wages as actually paid are not in proportion to the quantities of labor engaged in different employments. For in his view all skilled labor gains a wage which really includes a rent to "scarce natural talents."[2]

[1] Senior—the attacks of Marx upon him notwithstanding—was far from assigning to these two elements equal ethical importance.

[2] Senior's rent to skill is an entirely different form of surplus from that due to the excess of utility produced above disutility incurred in the

Summing up the results of Senior's argument for ourselves (since he himself did not make the present applications of his doctrines), the labor theory requires that the entrepreneur's costs of commodities should be in proportion to their labor costs, but entrepreneur's costs are out of proportion to labor costs, not only because they include rent of land and interest on capital, but because the very payments of wages themselves may be out of proportion to the comparative amounts of labor employed and remunerated. When we say that entrepreneur's costs are out of proportion to labor costs, we do not mean that they are in excess of wages cost, though they are this, but that for commodity A to cost the same quantity of labor as commodity B, is not a sign that the two commodities have the same entrepreneur's costs. In other words, relative entrepreneur's costs are not determined by relative labor costs.

John Stuart Mill took Ricardo's view of land rent and of interest, but took Senior's view that skilled labor occasions the entrepreneur an expense out of proportion to the *quantity of labor* remunerated. That is to say, he

"earlier" parts of the working day of all labor. So long as the length of the working day is left to the worker himself, he will stop when the terminal utility and disutility are equivalent. All previous parts of the day produce a surplus of utility. This is the surplus which occupies an important place in J. B. Clark's theory of value. Compare Marshall's "producer's" and "consumer's rents." Senior's "rent to scarce natural talents" is explicable only on the supposition that the disutility endured and the return of utility enjoyed by a skilled laborer can be compared with the same quantities for an unskilled laborer. Senior means merely that skilled laborers obtain higher returns at lower sacrifices as compared with unskilled. A certain part of the return enjoyed by the skilled laborer is equivalent to that enjoyed by the common worker; the part in excess of this is the rent. Senior considers it analogous to the rent which goes to lands of superior fertility. Further consideration will be given in a later section to the relation of skill to the labor theory of value.

held that the higher wages of skill do not represent a higher labor cost. This opinion he adopted without at the same time taking up Senior's particular use of the term, "rent to talents." As we concluded at the end of Chapter IX, it may be said that Mill followed Ricardo more closely than any other of his predecessors on the question of the relation of labor to value. Turning to Cairnes we note that this writer gave one sentence in his book to the doctrine of land rent, and in this he acquiesced in the judgment of Ricardo and J. S. Mill. But Cairnes adopted a position with reference to interest identical with that assumed by Senior, and his theory of "non-competing groups" merely emphasizes the claim that the amount of wages paid in different employments is not a test of the quantities of labor employed.

Taking the whole period covered in this history, we see that a goodly number of points of criticism were raised against the pure labor-cost theory. The reader may have noted that all these points were implicit in the work of Senior, and in his alone. Does the entrepreneur's payment of land rent, of interest on capital, and his payment of a superior wage to skilled labor (a wage out of proportion to the disutility of skilled labor), make impossible the theory that labor cost regulates value? Is it not possible that labor cost may be conceived in some way, perhaps as "marginal cost," or "social marginal disutility," such that the exchange values of the products of industry can be shown to depend upon the labor cost of these products? In the following pages the writer will try to give an answer to this question, so far as it lies in his power. It will be indispensable to bear with a considerable number of preliminaries. The ultimate relation of cost (in any or all of its forms) to value, cannot be discussed with any success, unless the

parties to the discussion have reached some understanding as to the relation of utility to value and as to the meaning of other proposed laws of value than cost laws. Merely a moderate acquaintance with the contemporary literature of economic theory gives complete assurance that the necessary understanding just mentioned cannot be presumed to exist, but must be established as carefully as possible.

2. Historically, there have been two distinct conceptions of cost—at least in English political economy—namely, (1) labor cost, and (2) entrepreneur's cost. Logically, there are two elementary forms of cost, (1) pain cost, and (2) potentiality cost. The first consists in the human discomforts or undesirable feelings incidental to the production of wealth, whether the disutility of labor, or that of "abstinence" or "waiting." This is also frequently called "true," "real," or "subjective" cost. The terms "true" and "real" are hardly commendable, for the other elementary form of cost is quite as real as this. The word "subjective" is genuinely distinctive, but probably less so than the generic term "pain."

The second elementary form of cost is that emphasized chiefly by the Austrian writers. In the making or acquisition of economic products, certain scarce agents are either destroyed, or else for the time being employed in a way that excludes their employment in the production of other goods. We may say that the production of any given good involves the destruction of certain productive agents, or, permitting a convenient liberty of expression, of the uses of agents from which other goods might have been produced. Thus with the emergence of one good the possibility of some other good is excluded. Professors von Wieser and Böhm-Bawerk, who

have written the best explanations of the relation of this form of cost to value, have suggested no distinctive name for it. The reason appears to be that they consider this as the only form of cost which requires especial explanation, since, as they hold, it is the only kind of cost which can be correlated with value. In an article in the *Quarterly Journal of Economics*,[1] Professor D. S. Green has suggested the term "opportunity cost" for the Austrian conception. Professor H. J. Davenport, having in mind the same conception, refers to it as "sacrifice cost."[2] Professor Heinrich Dietzel speaks of the same cost as "*Nutzeneinbusse*."[3] This concept has also in various places been designated "social cost." Though this cost is social in a certain comparatively irrelevant sense in which the other kind of cost is not social, the term "social cost" is not a good one because it lacks distinctiveness. There is nothing intrinsically social about potentiality cost, nor would the other elementary form of cost, that is, pain cost, be best designated "individual cost." Both forms would appear in an isolated individual economy, for instance in our fictitious but highly useful Crusoe economy. "Sacrifice cost" is ambiguous, because the word "sacrifice" is used as often as not, though perhaps improperly, to signify the discomfort or pain endured in production. A term is needed to distinguish a form of cost from pain cost. "Potentiality" cost appeals to the writer as being a term somewhat better than "opportunity" cost. When certain common production goods, capable of being turned to the making of more than one kind of thing,

[1] January, 1894, p. 218.

[2] In the *Journal of Political Economy*, vol. ii, p. 561.

[3] *Theoretische Socialökonomik*, 1895, vol. i, p. 205.

are used up to make a given thing, their potentiality to make an alternative thing is destroyed. The potentiality cost of a commodity is measured by the highest other value that might have been obtained if this commodity had not been produced from the productive agents entering into it.

If it be correct that pain cost and potentiality cost are the two elementary kinds of cost, what is the relation of the two historical forms of cost, labor and entrepreneur's cost, to these? Just as the word labor stands for two distinct things, toil and productive power, so may "labor cost" mean either pain cost or potentiality cost. If the term labor cost is used without a qualifying adjective or explanatory phrase, it would naturally call up in most minds the conception of pain cost. But labor force is the most disposable of all productive agencies, and when the productive power of labor (what the entrepreneur buys) is used up in the production of a given commodity, we have a perfect example of potentiality cost. As we have seen, Adam Smith used labor at different times, both in the sense of toil or disutility and in the sense of productive power or potential commodity. Ricardo, to the best of the writer's knowledge, said nothing to indicate definitively which of these concepts he designated by the term labor. In the writer's judgment the presumption is that by the labor cost which regulates the exchange value of commodities, Ricardo meant what we call pain cost. At one place, Ricardo said "difficulty of attainment" is the true measure of value. It seems almost assured that this must mean "pain cost." When cost is conceived as the ultimate essence of value, the cost will almost certainly be pain cost or "real cost." It is interesting to note that Professor Dietzel, in arguing that the Ricardian labor theory of value is perfectly

reconcilable with all that holds good in the utility theory, states that labor cost must be conceived solely as "*Nutzeneinbusse*," *i. e.*, utility-sacrifice, or potentiality cost. When the labor theory is founded upon the conception of labor as toil ("Unlust"), he considers it to be "built upon sand." [1]

We see that it is possible to mean either pain or potentiality cost by the words "labor cost." Labor as "pain" and labor as productive power are not the same thing but the first is incident to the second. It remains to consider the relation of entrepreneur's expense to the two elementary forms of cost. Torrens desired to exclude the money outlays of the entrepreneur in interest charges from the money cost of production of a good. That is, he maintained that what he called "profits," the chief constituent of which was interest, is no part of cost of production. This view was never adopted by any subsequent economist of weight. The very simple reasons why it is indefensible were mentioned in the chapter on Torrens. Conceding then that interest is a part of entrepreneur's cost, the relation of the latter to "pain cost" can be stated in a few words. The total "pain cost" of any article, which is produced by entrepreneurs, finds its remuneration in those payments which go to make up *cost* from the viewpoint of the entrepreneur. The point to be held fast, a point already emphasized, is that the subjective costs of goods so produced can influence their exchange values only by way of influencing their entrepreneur's costs.

The relation of entrepreneur's expense to potentiality

[1] *Theoretische Socialokonomik*, 1895, vol. i, p. 233. Dietzel supposes that Smith conceived of labor solely as "*Unlust*," but in this he is clearly mistaken. See *ante*, chapter iv.

cost is less simple and familiar than the foregoing. It will best be taken up in a subsequent section after we have endeavored to state the gist of the utility theory of value. We may conclude the present discussion of cost concepts by noting that there are several ways of reckoning or analyzing entrepreneur's cost. (1) Adam Smith's method, adopted by Malthus, is set forth in the following definite words written by the latter: "The cost of producing any commodity is made up of all the wages, all the profits, and all the rent which * * * * are necessary to bring that particular commodity to market in the quantity required."[1] (2) Perhaps the most approved modern method of analyzing the elements in entrepreneur's cost is merely into wages and interest. In this case rent paid for the use of land is treated in the same way as rent paid for buildings or for machinery or power. (3) The most direct treatment of entrepreneur's cost defines it shortly as including the prices of all the productive agencies used up in the making of the product, or as the value of raw material, machinery, and labor power "entering into" the product. It is always necessary to explain immediately that some production goods are in no sense consumed in the making of the product. Such are the land and buildings. Some production goods are consumed only in very small part in the making of a single product. The total money cost of a product is according to one system divided into "prime cost" and "establishment cost." The former includes the prices of all those elements which are entirely used up in making the product. The latter includes the product's due share of the money cost of the rest of the establishment, worn to a certain extent or

[1] See *ante*, p. 86.

occupied for a time in its making. Numerous practical formulæ are in use to aid in the difficult problem of imputing to the product its due share in the various general charges. A second necessary explanation connected with the third form of calculating entrepreneur's cost is that, since the prices of the production goods have to be paid before the product is finished, each price must be increased by interest for the time of its advance, to give the complete cost of the product. In order to state the relation of entrepreneur's expense to potentiality cost, it is not necessary to discuss in full the mutual relations of the various modes of calculating entrepreneur's cost. Such a discussion would, it seems to the writer, involve us in the theory of interest and indeed in the entire theory of distribution. Fortunately it is sufficient for our present ends to point out that all forms of analyzing entrepreneur's cost must be based upon the third, or, as we might call it, the practical method. If it is desired to reduce the cost of a product to wages and interest, the practical cost of the article as defined above will have to be ascertained as a starting-point. We will be content in a later section to trace the connection between potentiality cost and the practical form of entrepreneur's cost.

3. It is impossible to give the term *value* any one meaning. The word is so ambiguous that Jevons advocated its abandonment. The central thought of the value concept seems to be *capacity to excite desire*, but there are two grand kinds of economic value which are best designated, (1) exchange value and (2) esteem value.[1]

[1] For an excellent discussion of the term "esteem value" see Walsh, *The Measurement of General Exchange Value*, pp. 1–6. The writer is greatly indebted to Walsh's discussion of the value concept. The two kinds of value here distinguished are the same as those designated objective exchange value and subjective value by the Austrian writers.

The exchange value of an article has often been defined as a ratio—or specifically, as the ratio in which the unit of measure of the article exchanges for a multiple, or fraction, of the unit of measure of any other determinate thing[1]—and again as the quantity of that other thing for which it exchanges. But both of these conceptions are involved in metaphysical difficulties which make them impossible to employ in actual reasoning, and all writers are accustomed to make assertions about exchange value which are not in the least true of these, their purely formal, definitions. Walsh has shown most clearly that the only conception of exchange value free from difficulty is that of *power* in exchange. Exchange value is the power in a thing by means of which its owner is enabled to command other things possessing a similar power.[2] This power is measured objectively by the physical quantity of some other thing selected for the purpose, but the value is not that quantity, though speaking elliptically we may say the value of a coat is twenty bushels of wheat or twenty dollars. The exchanging power in our daily thought is always and properly referred to the thing and not to the man or owner. When the thing is gone the power is gone. The purchasing power of a twenty-dollar piece does not reside in the holder.[3] It goes with-

[1] As, for instance, by Pantaleoni, *Pure Economics*, p. 123.

[2] This definition by itself does not of course make clear the ultimate source of this power. For proximate and practical purposes the weight of a pound nugget of gold might well be defined as its power to counterbalance in the scales a certain piece of metal, the standard troy pound. This definition contains no hint of the common source of the counterbalancing power of both weights. In the same way the above-given definition of exchange value ignores a certain common source of all exchange values.

[3] For a discussion of certain avoidable objections that have been made to the concept of purchasing power, see Walsh, *op. cit.*, pp. 7 and 8.

out saying that this power can exist in an article only when there is another thing for which it can be exchanged and when there are men to effect the exchanging. It is not implied that articles of commerce have the power to exchange themselves in market places without human intervention. But the purchasing power resides in the article; it is always referred to the article in our thought, and it leads to nonsensical results to run counter to our commonest and most practical forms of thought and endeavor to locate it elsewhere.

The end of the theory of value is to explain the causes which govern exchange values, or practically, market prices. Other conceptions of value than exchange value derive their just importance in political economy only from the aid they may render in this explanation. This defines the place of the conception of esteem value. A finished explanation of exchange values is impossible without a theory of esteem values, just as an ultimate explanation of the counterbalancing powers of different objects in the scales is vain without the general law of gravitation. The power of an apple to counterbalance two eggs might have been thought of as a matter purely relative between apples and eggs, before the general conception was framed of the common attraction exerted by the earth upon both apples and eggs. Exchange values were once stated to be "purely relative." The objectionable point in the statement lies in the adverb "purely." For exchange values are derived from esteem values very much as weights, or powers to counterbalance, are derived from the earth's attraction. That is, these two derivations are generally similar. Here as elsewhere analogies can be pressed too far. The derivation of the exchange values of different goods in the social market from the esteem values put upon these goods by the

consumers, or purchasers in the society, is a process indefinitely more difficult to explain than the relative weights of ponderables.[1] Given the gravity of separate objects it is but a step to explain their relative weights, but given the esteem values of different economic commodities it is a long road to follow the process through which these determine the exchange values of the same commodities. If esteem value be the gravity behind exchange value, the case is rendered complex in that each good possesses a separate esteem value for every different consumer whereas there is but one earth to attract each object whose relative weight we desire to explain.

In the judgment of the writer, the best definition of esteem value is "the significance (*Bedeutung*) which concrete goods attain in our estimation when we realize that we are *dependent* upon them for the satisfaction of some want." This is a loose translation of the definition formulated by Carl Menger in 1871.[2] The individual good attains value not simply when it is capable of affording us satisfaction, but when it *conditions* the satisfaction. Goods existing in superfluity give satisfactions but do not *condition* them, hence any unit of such goods possesses no value. The removal or destruction of a unit occasions the loss of no satisfaction. Menger's

[1] It takes little discernment to see that this statement is not equivalent to saying that the formulation of a theory of value is a greater accomplishment than was the formulation of the law of gravitation. The writer does not plead guilty to implying that.

[2] See *Grundsätze der Volkswirthschaftslehre*, Wien, 1871, p. 78. "Der Werth ist die Bedeutung, welche concrete Güter oder Güterquantitäten für uns dadurch erlangen, dass wir in der Befriedigung unserer Bedürfnisse von der Verfügung über dieselben abhängig zu sein uns bewusst sind." Menger gives this as a definition of value simply, but it is of course a definition of that particular kind of value which we have agreed to call "esteem value."

definition was a triumph of theory in stating the relation of value to human satisfaction and to utility.

The law of marginal utility is but a corollary of the principle involved in this definition. The utility of a good is its power to afford satisfaction.[1] When goods occur in stocks of like units the phenomenon of "marginal" utility emerges. As the stock of such goods to be used by a consumer within a given time is increased, the satisfaction afforded by each successive unit declines.[2] The actual utility of each successive increment is lower than the actual utility of the preceding increment. The actual utility of the last or marginal increment is the "marginal" utility of any of the increments. The reason why the value of any such increment is determined at the height of its "marginal" utility is only because any one increment conditions merely the satisfaction afforded by the last or marginal increment. Remove or destroy any increment and rationally only the satisfaction of the marginal increment will be given up. In effect any increment is the marginal one. Thus the law of marginal utility is not the fundamental law of value.

[1] Of course this power in the good exists only in relation to some human being. It is perfectly true that the good would have no such power if there were no man to use it, and that its power may change as the condition of the man using it is changed, and that its power over one man is different from its power over another. For these reasons, utility has often been declared to be subjective, as if it resided in the mind of the man. Whether it is subjective or objective depends precisely upon what one means by these terms. Practically we may say that our habitual thought correctly refers the utility to the good and conceives it as an attribute belonging to the good in virtue of its common physical properties. The utility of the good does not exist in the mind except in the sense in which all things exist in the mind. We should at least say that utility has objective reference. The satisfaction belongs to the mind, the utility to the good. The utility is a sort of objective counterpart or projection of the satisfaction.

[2] "Gossen's law."

Menger's definition contains this fundamental law and gives a universal principle of value. The theorem that value depends upon marginal utility is merely a deduction from this fundamental principle, and is of limited scope, since it applies only where there are goods in stocks.[1]

An absolutely essential point to be kept in mind is that the value of an object is not derived from the sacrifice made to obtain it. On the contrary we make the sacrifice because the object has this value. The value is first, the sacrifice second. The only means of estimating how much sacrifice or discomfort we can afford to undergo to obtain an object is by judging its value to us *previously* to and *independently* of the sacrifice. If the labor cost, say, determined the value, we could expend labor cost regardlessly in producing any objects whatsoever. But this is just what we cannot do. We must have a care when we expend labor. A care for what? For the value of the result. The value of the object is derived from the satisfaction which it can afford, but it is attributed to the object only when it is the indispensable condition of that satisfaction.

When a particular object conditions some satisfaction of ours, it possesses a superior power over our welfare to that possessed by a good which, while it affords us satisfaction, does not condition it. It would be a waste of energy to spend it in producing or conserving the thing of inferior power. The ultimate reason why our

[1] That is, it applies only where goods are held in stocks by individual consumers. Thus the "esteem" value of a piano commonly has nothing to do with "marginal" utility. Only if consumers were to own pianos in stocks—to use several at once—would there be grounds for speaking of the marginal utility of a piano. For further consideration of this point see the next section.

minds instinctively assign a superior importance to the things of higher power over our welfare is that such instincts contribute to our fitness in the struggle for existence. The things of lower rank possess merely utility. The things of higher rank possess a superior power which we recognize and distinguish as *value.* Lack of this distinction would lead to a waste of energy in the modifications which we effect in our environment.[1]

4. Let us consider now the essential features of the utility theory of value. According to this doctrine the sole source of value is human satisfaction. The thought is well conveyed, though the expression may be somewhat loose, by saying that the only inherently valuable thing is satisfaction, and that the value of satisfaction is passed out to, or attributed to, any external object upon which the satisfaction is dependent. Human satisfactions are quantities, for they are capable of being *more* or *less.* But they are inexact and wavering quantities. Similarly, the esteem values of goods, derived from the satisfactions conditioned by these goods, are quantitative, but are incapable of exact or constant numerical expression. The exchange values of goods are exact and relatively constant quantities. Nevertheless, exchange values are assuredly founded upon esteem values. The description of the process by which these wavering and more or less uncertain esteem values determine the exact and definite exchange values of goods, is perhaps the most difficult part of the utility theory. But

[1] Professor v. Wieser explains that the reason why we attribute a superior importance to a good that has marginal utility as compared with a good that is superabundant, is because we have a "natural indifference" toward goods in general, which can only be overcome when the good is so scarce that its absence would decrease our satisfactions. *Natural Value*, p. 29. This would seem to be explaining the thing by itself. The ultimate origin of this "natural indifference" is what calls for explanation.

without this part—commonly called the "theory of price" —the utility doctrine remains a mere torso.

Böhm-Bawerk's theory of price is the only attempt that has been made to complete the utility theory in this direction, which is at once well known and authoritative.[1] Though the fundamental lines of this explanation are correct, it is in externals at least defective in two noteworthy respects. In the first place, one of its principal assumptions is untrue to the typical conditions of exchange under the division of labor. This assumption consists in supposing that sellers' subjective valuations are effective factors in determining price in the market of an organic society. In Böhm-Bawerk's theory, the reader will recall, the miniature but supposedly typical market is assumed to consist of a number of sellers owning horses and a number of buyers desiring them. The first step in the argument is to assign a money expression to the esteem or "subjective" value of a horse to each buyer and each seller. Then if these money expressions, or "price equivalents," are higher for some one buyer than for some one seller an exchange of money for a horse is possible between the two. If buyer B values a horse at $45 and seller S at $40, B can afford to part with, and S can afford to take for a horse any sum of money over $40 and under $45. By considering all the price equivalents of sellers on one side and of buyers on the other side, Böhm-Bawerk shows us that for every given combination of such figures in a market there is a certain definite number of sales possible, and these sales must take place at a price fixed between the price equivalents of the last buyer and the last seller. In other words, the market price will be fixed between the money valuations set upon a horse by the "marginal pair."

[1] *Positive Theory of Capital,* book iv, especially chap. iv.

The region so delimited by the marginal pairs becomes narrower as the number of buyers and sellers entering the market increases. Thus, in a large market the price is virtually determined to a point. The difficulty with this theory is that under the division of labor, sellers make products for the market, in view of the market price, and make them in numbers and keep them in stocks far in excess of their own needs. Under the division of labor, the lowest price at which a seller will part with a commodity is not set by the marginal utility or subjective value of the commodity to him. A theory of price applicable to the modern market must not employ the subjective valuations of sellers as a factor in price determination.

In the second place, Böhm-Bawerk's theory of price is misleading, since it obscures the fact that the Austrian theory of value always assumes the supply of the goods whose value it is to explain. The Austrian writers themselves teach us that the value of a good depends upon the supply of it. The theory of marginal utility explains very well why an increase of supply lowers value or a decrease raises value. But if there should be any cause which limits or regulates the supply of goods with reference to their value, *by some kind of an adjustment to value,* this cause would be both a cause and a regulator (or at least a part regulator) of value. Cost of production in some ultimate form is by many writers supposed to be such a cause. The human "pain cost" of producing goods is of equal importance in theory with the human pleasure gain had from utilizing the goods. The value of an addition to the stock of a given sort of goods always furnishes a motive for the increase of the stock. Any cause which limits the supply at a certain point in the face of this human desire for the increase is a cause of value. True, it is a cause more remote than utility, but still a cause of value. Since the

Austrian writers virtually ignore the cause or causes governing supply (and thus governing or helping to govern marginal utility itself), the doctrine of price which they advance ought to rest openly and squarely upon the assumption that the supply of the good is taken for granted. In Böhm-Bawerk's theory of price, the total supply of horses in the miniature market is simply assumed, not accounted for.[1] If horses were more plentiful in this market the sellers' price equivalent would be lowered and the market price would turn out lower. It is a fair criticism that Böhm-Bawerk obscures the important point of the dependence of price upon supply, by assigning sellers and buyers an arbitrary series of money valuations as the very first step in his argument.

The "theory of price," as the Austrians call that part of their theory which traces the connection between consummers' "subjective" values and market exchange values, must begin with a clear recognition that the pure utility theory of value assumes outright the extent of the supplies of all goods. Let us, then, inquire first how the price of a given supply of consumption goods is determined.[2]

[1] As Professor Macvane exclaims, the Austrians seem to reason as if the good fairies determined what the supply of commodities shall be. See *The Quarterly Journal of Economics,* vol. v, p. 24. Concerning Professor Macvane's general attacks on the Austrian position, it is only fair to say, however, that he appears in the main issues entirely to miss the point of the utility theory. See also the same journal, vol. vii, p. 255, and the *Annals of the American Academy of Political and Social Science,* vol. iv, p. 348.

[2] This enquiry must constitute the first part of the theory of exchange value, since it is quite beyond dispute that cost in any form can influence exchange value only by influencing supply. Value will rest at the level of cost only when the supply of the good is at just the proper point. When the supply is at any other point, as in the case of monopolies, value no longer rests at the level of costs. But value is still determined by certain other influences. The description of these is the first problem.

If a certain supply of some consumption good is presented for sale in the social market, there is theoretically some one price at which just this amount of goods can be sold. Following Professor Marshall, we may call this the "social demand price." At a higher price, only a less supply could be disposed of. At a lower price more could be sold. The competition of buyers ultimately prevents this lower price being set. The dependence of the social demand price of a given supply of goods upon the esteem value of these goods to the consumers in the social market may be traced as follows:

(1) From *esteem values* to *price equivalents.* The sum of money which a consumer would pay for the addition of an article to his possessions rather than go without that article is called its price equivalent. The price equivalent must not be confused with the price he may pay actually to buy the article, namely, the market price. A piano may have a market price of $600, but have a price equivalent of $1,000 to A. If the market price of pianos were to ascend to $1,000, A would still purchase one. But more than $1,000 he would not pay. When A assigns to a piano a price equivalent of $1,000, this sum of money, of course, has significance merely as the representative of the indefinite variety of other goods which A supposes to be within the command of $1,000. Thus A's ability to think out price equivalents depends upon the already existing exchange value of money, or, in other words, upon prices themselves. If the market prices of carpets, carriages, wines and other things were different from what they are, the amount of other things commanded by $1,000 would be altered, and assuredly A's price equivalent for a piano would change. Thus the price equivalent of one thing can be named only in view of previously existing scales of market prices of other things. A consumer comes to form

a conception of the significance of a unit of money to his welfare. Into the question of the inner nature of this conception we cannot afford here to push our inquiry. Without this conception he could not set price equivalents. It is merely a matter of experience that in fact consumers do set price equivalents. The sole possible explanation of the fact that when a monopoly raises the price of a consumption good the sales of it decline, is that some buyers have been excluded because the price asked for has passed above their price equivalents.[1] The worth of money to a consumer depends upon the extent of his money income. Thus the price equivalent set upon a good by any consumer depends (1) upon the esteem value of that good to him, and (2) upon the extent of his money income. Given a consumer's money income, his price equivalents for various articles will be determined by, and be in proportion to, the esteem values those articles have for him.

(2) From *price equivalents* to *market-price*. The price at which a given supply of a certain good can be sold to a body of consumers is a *resultant* from their individual price equivalents for this good. It is in no sense an average or mean of these price equivalents.[2] This is best understood by imagining the supply of the good offered in the market to be increased by one unit. This extra unit must be added to some person's stock. It will go normally to the person who will pay the most for it, but the price of the unit will have to be lowered sufficiently to bring it down to this person's price equivalent for a unit. In the

[1] If the good be of a kind held by consumers in stocks, it should go without saying that instead of a buyer being entirely excluded by a rise of price, only the marginal increments of his purchases may be excluded.

[2] Employing Professor Marshall's terminology we would say that the "social demand schedule" is a *resultant* from combining all the "individual demand schedules."

open market, then, the prices of all units will have to be lowered to the level of the price of this unit. This illustrates the way in which the social demand price of a given supply of goods is determined at some individual price equivalent. The price of a given supply is determined at the point of a marginal individual price equivalent.

In the last section it was asserted that unless a good is possessed in a plurality of units, that is, in a *stock,* by the individual consumer, its value will not be determined by *marginal* utility. The Austrian writers have made this perfectly clear, but there are innumerable places in the literature which has sprung up about the Austrian theory, either expounding or criticizing it, where the value of such a good as a piano or a furnace is said to depend on marginal utility. Let us suppose that no person possesses more than one piano. In this case, properly speaking there is nothing marginal about the value-determining utility of a piano. There are, however, two methods in vogue of discovering an alleged marginal utility in such a single unit commodity. The first is to point out that a piano may serve several uses. For instance, it may be used to produce music and also as an ornamental piece of furniture. It is then suggested that one of these uses is greater or less than the other and is marginal. Some suggest by implication or directly that it is the least use to which a piano is put which determines its value to the owner. If it should be suggested in reply that a piano might be used to conceal a discolored place in the wall, which could equally well be done by a two-dollar screen, the probable reply would be that it is only the least use to which the piano can be put *economically* which determines its value. Even so acute a writer as Smart [1] is guilty of this perversion. When it

[1] See his *Introduction to the Theory of Value,* p. 37.

is in the pursuit of such margins, the mind is far adrift from the true logic of the utility theory. When a piano is actually used to cover a piece of wall, this is assuredly an "economic" use of the article. This use does not exclude or hamper any of its other uses. It is true no one would pay $600 for a piano merely to cover a bad piece of wall, but very likely few would pay that sum for any one use of the piano. The truth is, the value of a piano to its user depends upon the sum of its uses to him. The value of the piano measures the total amount of satisfaction *conditioned* upon its possession. When goods are used in stocks any one unit *conditions* only the satisfaction had from the last unit. Thus only does *marginal* utility—the actual total utility of the marginal increment — determine value. It is quite futile to attempt to distinguish between the different uses of a unit commodity and arrange these in a descending scale and choose a marginal use. When the unit is taken away all these uses would be sacrificed. Professor Dietzel, an undiscerning critic and imitator combined of the Austrians, has stated that it is the "highest use," the use on the upper margin, which determines the value of a unit commodity.[1]

A second method of discovering a marginal utility for a piano is to conceive of the utility of a piano to that possessor who has just been able to afford the price as the marginal utility of pianos. All men pay the same price for a given grade of piano, but the rich men have much higher price equivalents than the poor. If the supply of pianos to be sold in a given social market be increased, the price will fall. This fall is interpreted as being caused by a decline in the "marginal utility" of pianos. There is no justification for this logic in the utility theory. It is

[1] See his *Theoretische Socialökonomik,* 1895, p. 282.

not possible to compare the satisfactions had from pianos by different persons. It is not possible to imagine the pianos in society arranged in a series, the pianos of highest utility being those held by the persons who could afford to pay most and so on. The price of a piano depends upon the *marginal price equivalent* of a piano, but neither the exchange value nor the esteem value of a piano depends upon *marginal* utility.

To conclude, all goods derive their exchange values from the esteem values placed upon them by consumers. The exchange value of a good in money is determined in a marginal manner by the price equivalents set upon the good by the consumers. Since the extent of a consumer's money income helps determine the price equivalents placed upon all articles by him, it is impossible to show that these price equivalents depend solely upon esteem values. But it is still proper to say that the esteem value of a good is the sole source of its exchange value. A consumer will assign no price equivalent to a good unless it possess esteem value, and when he does assign a price equivalent, it will be precisely in proportion to the esteem value of the good as compared with other goods which he values.

The price of a commodity is a definite and fairly stable quantity, *e. g.*, the price of an oil-stove is $4.50. Is it possible that this definite price can be said to be determined by the utility of oil-stoves to consumers? Consumers cannot reduce their estimates of the utility of articles directly to figures. But, nevertheless, a consumer can determine upon a sum of money whose general purchasing power he considers approximately equivalent to the value of an oil-stove to him. The value of the oil-stove is a wavering quantity, but having struck a money estimate on the basis of that value, taking it for what it is at the instant of the decision, this money sum is a definite something that will be

carried in mind as such though the value is indefinite and wavering. Given these definite "price equivalents" the definite market price is a resultant from them. The market price of a good is a sort of social institution and has the momentum or stability of such an institution. Being once determined, it will not waver as do the numberless individual estimates of "esteem value" upon which it is founded.

5. If a commodity fetching a definite and exact price, as for instance an oil-stove selling for $4.50, is produced under competitive conditions, the apparent and proximate reason why the article has this particular price is because it costs its manufacturer about this sum of money to produce it. Putting aside the complications due to the fact that competition frequently takes place between firms producing at different costs, the commonest law of exchange value, stated in the usual language, is that price is "determined by" entrepreneur's cost of production. Whether entrepreneur's cost is reckoned in terms of wages, interest, and rent; wages and interest alone; or in terms merely of the prices of all the production goods "entering into" the product, the law of entrepreneur's cost, as stated above, reduces itself to the proposition that the exchange value of production goods "determines" the exchange value of products. For all forms of calculating entrepreneur's costs are based on the simple, practical, or first method of reckoning costs, as the prices of labor, raw material, machinery, power, *etc.*[1]

There is seeming antagonism between the law of entrepreneur's cost and the utility theory of value. For, according to the latter, the value of production goods is derived solely from the value of their products. Value

[1] As pointed out in section 2 of this chapter.

originates in human satisfaction, flows out to those consumption goods upon which the satisfaction is immediately dependent (*i. e.,* by which it is conditioned), from these flows out to the production goods upon which the consumption goods as products are dependent for their existence. From these on, the flow of value continues to those production goods which are still farther removed, and so on, rank by rank, until unproduced agents are reached. Put in other words, raw material, machinery and similar goods, have value solely because the entrepreneur can afford to pay for them, and this he can do solely because his products have value. If value conduction runs from product to production goods, how can value determination run in the reverse direction, from production goods to product? If the stream runs from the spring, we know that the volume of the spring must determine the volume of the stream and not the contrary. But does not the law of entrepreneur's cost assert that the value of production goods *determines* the value of products? The solution of the enigma of this apparent conflict of the utility theory with the great empirical law of cost (in its common form of statement) is one of the most interesting and important products of the acute thinking of the Austrian economists.

The difficulty exists solely because many single production goods, such for example as iron and wood, or preeminently common labor, enter into a variety of products. When several various products are related to one another by reason of the fact that a common production good enters into all of them, we may, following von Wieser, call them "cognate products." If cognate products A, B, and C are made in part from the common production good P, P will derive its value from the values of A, B, and C, but the value of P itself will have a peculiar reactionary

effect, yet to be described, upon the value of these products taken individually. This reaction is the phenomenon really at the foundation of the law of entrepreneur's cost. For an instant permit a supposition quite contrary to fact. Suppose that A, B, and C are made entirely from P so that no other production good enters into them. Then the exchange values of A, B, and C will be derived solely from the "marginal" utility of these products, but their exchange values are peculiar in this, that they will be related, will be adjusted, each to the others by reason of their common origin in P. If a unit of P entering into A attains in that form a higher value that when entering into B or C, then more A's will be made from P and less B's and C's. The increase in the supply of A's will decrease their value *by decreasing the marginal utility* of A's.[1] This process keeps the values of A's, B's, and C's in a mutual adjustment. If we carelessly confine our view to a part of this process of adjustment, we see what appears to be a determination of the value of A, the product, by the value of P, the production good. If the value of A is out of adjustment with its cost in P, and then the adjustment is effected, it is the value of A which seems to move to that of P. The value of P may seem to be the independently determining factor. As a matter of fact, in the first place, the value of A moves only when its marginal utility has been altered by a change of its supply, and in the second place, when it does move toward the value of P, that of P also moves toward it. It depends on the relative importance of A's in comparison with all of the rest of the products of P, how far the value of A moves and how far the value of P moves in their mutual adjustment. If it is discovered that the two stars in a

[1] Or at any rate, if not by decreasing their marginal utility, by decreasing their marginal price equivalent. See the section just preceding.

"double star" are approaching each other, we easily conceive that both take part in the moving. But when an apple falls to the earth it is more difficult to realize that the earth also falls toward the apple, moving its due proportion of the distance between them. In the same way, when we see that the value of some relatively unimportant product remains equal to its cost of production, we are inclined to state the case as one of pure determination of value by cost. But this "determination" is but a part, viewed by itself, of a larger process by which the supplies, and consequently the values, of cognate products are being adjusted to one another. The whole truth is that the value of production goods is determined by the value of their products. Because of the existence of great common production goods of manifold productive uses, we have the peculiar reaction of the value of production goods on the value of products, a part of which process is described in the law of entrepreneur's cost.

The case of real life is more complex than the one considered above in that a plurality of common production goods always enters into a product. In this more complex case we find an entirely new problem, which rejoices in the name of the "imputation of the productive contribution," but the explanation of the law of entrepreneur's cost remains exactly the same in principle as that given for the artificially simplified case. When a product is made from several production goods, as a carriage from wood, iron, leather and labor, the value which by anticipation the production goods derive from the product is divided among them. The share of value of each production good is called its productive contribution. The different solutions of the problem of imputing the productive contribution already offered in the literature of value and distribution,

will not be discussed here.[1] One principle, however, will be taken for granted. It will be assumed that the productive contribution of any kind of production good in the value of a particular kind of product varies inversely with the supply of this production good which is turned to the making of that kind of product. If product A is made from production goods P, Q and R, and the amount of P used in producing A's is increased—with or without an increase in the amount of Q's and R's used [2]—the productive contribution of a unit of P in the value of A's will be decreased.

Considering now the reaction of the value of production goods on the value of particular products, we may represent the more complex case, corresponding to real life, by supposing products A, B and C to be made from production goods P and Q, P and R, and P and S respectively. In this case the products are cognate only by reason of their relationship through P. The production goods Q, R and S are not common. Here as before the supplies and values of the products A, B and C are in a relation of mutual dependence. The dependence is, however, not so close as in the first artificially simplified case considered above. In the present case it is not the values of A, B and C themselves which are brought to an equilibrium, but it is merely the *productive contributions of P* in the values of A, B and C that must reach an equality. If a unit of P obtains a higher productive contribution in A than in

[1] Explanation of the principles in accordance with which the various classes of production goods share in the value of the product is but a part of the theory of distribution viewed in a particular way.

[2] The use of some kinds of production goods cannot be increased without increasing to the same extent the use of certain other kinds in the same production, but it can be shown that this does not change the general principle of the case.

B and C, more P will be put to the making of A's and less to the making of B's and C's, until a unit of P attains the same productive contribution in each of these products. If the amount of P put to the making of A's is increased, the supply of A's will be increased and A's will decline in value. But the decline in the value of A's caused in this manner will fall entirely upon the productive contribution of P. The decline of value takes place merely to bring the contribution of P's in A's to an equilibrium with the contribution of P's in B and C. Abstract as the foregoing formulæ are, they are nevertheless real. If entrepreneurs were not able to ascertain, at least approximately, the productive contributions of the various production goods entering into the product which they manufacture, they would be unable to tell either how much of each productive factor they can afford to buy or what price they can pay for it.

When we call to mind the fact that in actual industry most production goods are themselves products, and that into the majority of final products nearly all the great common production goods enter, we realize the stupendous complexity of the relationships of cognate products in actual life. It is no wonder that ordinarily a whole half of the process by which the values of all these fellow products are brought to mutual adjustment escapes our notice. Pig iron derives its value from a thousand and one kinds of products. When the value of one of these alone is being brought into adjustment with the value of pig iron, the mass is all on the side of the pig iron, if we may so express it. In this movement the single product is seeking a value-equilibrium with all the vast multitude of other products of pig-iron. It seems itself to effect all the adjusting. As a matter of fact, it contributes its due

share to the determination of the value of the raw iron. Thus far, we may safely affirm, the difficulty which, at first sight, the law of entrepreneur's cost seems to present to the utility theory has been quite surmounted.

It is a matter of some interest to define as exactly as possible the relation of potentiality cost to entrepreneur's cost. When an entrepreneur, in making his product, uses a production good capable of other applications, by other entrepreneurs, his product is made at the expense of potentiality cost. Whether in the isolated or in the social economy, there is waste whenever a good is produced at a potentiality cost which is higher than the value of the good itself. A greater value will be sacrificed to obtain a less. In the isolated economy Crusoe will easily guard himself against this form of waste. In the social economy, the competition of entrepreneurs for the supplies of production goods prevents the same form of waste. Competition being granted, nowhere will there be found an entrepreneur who uses up production goods to make a value less than the highest value that these goods could produce elsewhere. For otherwise the entrepreneurs located at the other points of higher return would be able to command the production good for their purposes, and the possibility of profits would furnish them with the motive to bid for it. If entrepreneurs' costs always consisted solely in the value of production goods capable of manifold applications, we could say that the potentiality cost of a product determined its entrepreneur's cost. For the former cost consists in the highest other values that these production goods may be made to produce elsewhere, and the entrepreneur will normally have to pay that value for them and no more. His necessary outlay for a product is thus regulated by its potentiality cost.

But sometimes in the making of a product certain valuable production goods may be used whose employment does not involve potentiality cost. These are, of course, production goods capable of being used in this one product alone. A production good may be capable of making but one kind of product and yet receive from that product a certain share of value as its productive contribution. A mineral spring may be so situated as to be such a production good. A mine is a perfect example. Here a new question confronts us. Does or does not an entrepreneur's outlay in the value of such a production good constitute a part of entrepreneur's cost? This is solely a question as to how we choose to define entrepreneur's cost. It may be defined either way. But in the event that we define this cost to include outlays for single-use production goods, it will no longer be possible to assert that potentiality cost governs entrepreneur's cost wholly and in all cases. Let us give an illustration of the question. If the bottled water of a mineral spring can sell for ten cents in a neighboring city, and it costs five cents for the bottle and labor and two cents for transportation, is or is not the three cents per bottle which remains as the rent ("price-determined surplus") to the spring a part of the entrepreneur's cost of producing bottled mineral water? If the vender of the water did not own the spring, he would be inclined to reckon the rent paid for it to its owner as a part of his money costs. But economists are agreed that the distinction between costs and surpluses does not hinge on relations of legal ownership. If the producer of the bottled water owned the spring, he would merely pay the rent of it to himself. To the present writer it seems that entrepreneur's cost may be defined either to be coextensive with potentiality cost, or to exceed this cost by the inclusion of

"price-determined" rents,[1] provided a consistent usage be maintained. In the one case, entrepreneur's cost is determined by potentiality cost; in the other case it is principally determined by potentiality cost.[2]

[1] When a single-use production good is short-lived instead of durable, so that it receives its value from its product in one payment, instead of a series of payments in time, we do not call its value return a "rent." Its value is nevertheless "price-determined" in the same sense as the rents just discussed and belongs to the same category as these rents.

The term "price-determined rent" has, among professed followers of Ricardo (such as Professor Marshall who holds to Ricardo's theory in the main), come to mean the income to a durable single-use production good. In the most unfortunate terminology of the Ricardian school—which the writer believes can be traced back to their ultimately false philosophy of value—a "price-determined rent" is one which "does not enter into price." But the leading exponents of present-day Ricardian doctrine are now agreed, it seems, that when a production good is capable of more than one application—as land to wheat or fruit or pasture—its rent *does enter* into the price of its product. Therefore they mean by a price-determined rent, not the rent of such a good, but the rent of a single-use production good.

[2] A plausible argument could be made to show that we have Ricardo's authority for maintaining that price-determined rents must not be considered a part of entrepreneur's cost. For Ricardo said "rent cannot enter in the least degree into price." But there can be no question that by this he meant that rent cannot enter into cost of production. As was frequent with him, he did not say precisely what he meant. Malthus had said that cost of production includes wages, "profits," and rent, and that profits and rent, not being paid for labor, prevented the regulation of value by pure labor cost. Ricardo admitted that profits enter into cost but minimized the difficulty thus granted in the labor theory. On the contrary he denied that rent enters into cost. The first paragraph of his chapter on rent shows it to be his purpose in that chapter to justify this denial. Later he stated his contention as being that rent cannot enter into "price," instead of cost.

Now Ricardo frequently thought of cost as being composed of "labour and profits"! In most places we can make his reasonings clear only by substituting for this hybrid concept a plain concept of entrepreneur's cost If Ricardo habitually meant entrepreneur's cost by the words "cost of production," then his famous doctrine comes to

In accounting for the value of consumption goods the Austrian theory takes their supply for granted. In the same way, when the Austrians come to their explanation of the law of cost they take the supplies of production goods for granted. If the supply of pig iron brought every year to the iron market be increased, the supply of the products of iron will be increased and the exchange values of these products will fall. The exchange value of pig iron will fall in consequence.[1] At this point a question—a criticism in behalf of the cost theories of value—naturally suggests itself. Is not supply ultimately regulated by cost of production in some form, and is not cost of production thus either the ultimate regulator of value itself, or at least a joint regulator with utility? We have suggested here the famous question of the "reconciliation" of the cost and the utility theories of value. It is certain that the only form of cost which can exercise ultimate control over the supply of any produced good is what we have called by the generic name of "pain cost." The potentiality cost of a product is measured in the value of the production goods entering it. But this value itself depends on the supply of these production goods. The ultimate cost regulator of the value of both the products and the production goods cannot be potentiality cost. The influence of potentiality cost causes the supply of the in-

signify that price-determined rents are not properly a part of entrepreneur's costs. As far as the present writer can see, our decision in this regard is purely a matter of arbitrary choice between two possible definitions of entrepreneur's cost. As far as Ricardo is concerned, he had no clear and definite concept or concepts of cost. Into *potentiality cost,* a price-determined rent assuredly does not enter.

[1] The value of the iron may fall earlier in time than the value of its products, because entrepreneurs using it know beforehand that the increased products of pig will have to be sold lower.

dividual kind of product merely to be adjusted to the supplies of its cognate products. But potentiality cost has no influence whatever over the total supply of the production goods or the absolute supply of the total mass of cognate products. To appeal to a simple illustration, if a flow or stream of some production good be supposed to divide into several branches as it proceeds, each branch representing one of the several cognate products of that good, the influence of potentiality cost may determine the *relative volumes of the different product-streams,* but only pain cost—if any cost at all—can influence the volume of the parent stream, and thus govern the *absolute volume of all the branches.* Entrepreneur's cost also, most obviously, fails as an ultimate regulator of supply. This cost is but the proximate agency through which the two elementary forms of cost exert their influences upon the relative and absolute supplies of products. Undoubtedly the recognition that pain cost is the only form of cost capable of exerting any ultimate control of value, helps to suggest that it be called "real cost" or "true cost." Professor Marshall, for instance, analyzes cost into two forms, (1) real, and (2) money costs.

6. There is to-day a large following for the doctrine that cost and utility are joint and equal regulators of value. Professor Alfred Marshall, for instance, states that "we might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by utility or cost of production." [1] Historically, there have been developed by economists two distinct and apparently antagonistic theories professing to afford ultimate explanations of value; the earlier or cost and the later or utility theory. But if it

[1] *Principles of Economics,* 4th ed., 1898, p. 428.

can be shown that in reality cost and utility are but joint regulators of value, recent thinkers hold this equivalent to a demonstration that the two apparently hostile doctrines are after all but the two parts of a larger harmonious whole. It is, therefore, maintained by many that the two opposed schools of value merely failed to take a broad enough view of the problem. Thus we have ever before us the interesting question of the reconciliation of the cost and utility theories. If it be desired to effect a fundamental reconciliation, what appears to be the most propitious starting point is found in the theory of the "marginal or final equivalence of utility and disutility," a doctrine which originates purely as a theory of "subjective" or esteem value in contrast with exchange value. The first writer to give this theory a definite formulation was probably Gossen, but it was J. B. Clark's later but entirely independent statement of the same idea which was first to bring it to the notice of economists generally.[1]

Professor Clark develops a theory that the ultimate standard of the value of a good is the "effective social disutility" cost of its acquisition. Thus he presents a theory of distinctively social valuation.[2] But we also find as a part of his doctrines a theory of purely individual valuations. Professor Clark distinguishes clearly between these two, and in fact develops the theory of social from the theory of individual valuation. In drawing the reader's attention to these doctrines, it will suit our purposes best

[1] Professor Clark's theory appeared first in the *New Englander* for 1881. Gossen's statement of the same fundamental idea was much earlier, but the strange fate of his work is known to all. Professor Clark's theory of value was developed by him independently of Gossen and of Menger and Jevons as well.

[2] See the *Distribution of Wealth,* chap. xxiv.

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to emphasize as much as possible the distinction between value in the individual economy and in the social economy. We may, therefore, adopt the device of "Crusoe economics," and consider the relation of subjective cost to value in the isolated individual economy. In the theory of value, the pursuit of this plan does not involve a waste of time, but on the contrary it is an excellent measure for which there is precedent at some point or other in the writings of nearly all theorists. The plan corresponds to the artifice of the primitive society of hunters and fishers so frequently used and also abused by the classical economists. It is in a peculiar degree a device of what Roscher called the "idealistic method." We are, of course, now dealing with a problem entirely outside the possible sphere of the "historical method." We find in the Crusoe economy the prototype, as it were, of many a complex value relation in advanced social conditions, and an appreciation of certain simple and highly generalized principles true of this economy may greatly facilitate our understanding of the difficult subject of cost and value under real conditions. But the strongest reason of all for considering consciously and explicitly the case of Crusoe by himself, is because there are many examples in the literature of value where certain doctrines are laid down ostensibly as universal principles, which are in reality conditioned upon the unconscious assumption of Crusoe conditions. The case of Crusoe should be discussed if only to show what principles are limited to the conditions of his economy.

Crusoe might possess various articles of value which cost him no labor, or cost him an entirely negligible amount, such as certain scarce fruits; but the major part of Crusoe's wealth, let us suppose, is produced, and is freely reproducible, by his labor. The amount of labor power which he expends upon his island is variable at his pleasure within

wide limits. If he choose to work only a few hours a day through the year, he will produce only a certain limited amount of the most useful things. If he add more hours per day, he will produce more of the old kinds of goods and also other different articles, luxuries as contrasted with necessities, but at any rate things of lower utility. Thus as Crusoe increases the hours of labor power put forth per day, he finds that there is a decline in the additional utility produced by each successive increment of labor. On the other hand, he finds that the pain cost or disutility of labor increases as he toils longer and longer. Crusoe will, for his average day, work until the increasing disutility of labor comes to an equality in his judgment with the decreasing utility of the things being produced. It would not be rational for him to stop at an earlier point, for then further labor would produce him a means of satisfaction greater than the "pain" of the labor itself. Nor would he labor beyond this point so that the pain would exceed the pleasure gain. Thus the utility produced by, and the disutility of, the final increment of labor in the working-day counterbalance, or we have the "marginal equivalence of utility and disutility."

The most important part of Professor Clark's teaching is that the disutility of labor expended in producing goods is the ultimate standard of their value. To establish this thesis, it is necessary for him to show that the "effective" disutility of an increment of labor is always the actual disutility of the final increment, and that the "effective" utility produced by any increment is the actual utility produced by the final increment. If Crusoe works ten hours a day, any hour of the day's labor will have the same effective disutility as the tenth hour. Thus if it costs one hour of labor to produce the article A, the pain cost of A is always *in effect* the disutility of the final or tenth

hour of labor, no matter in what part of the day the good A happens actually to be produced. For if Crusoe should decide to go without this article in order to avoid the hour of labor which it costs, his day would then consist of nine hours spent upon the rest of his products, and the effect would be to save himself the disutility of the tenth or last hour.[1] By shortening the working-day an hour he cannot do otherwise than save himself from suffering this marginal disutility.

In a similar way it can be shown that the *effective* utility of a product A produced by the first hour of labor is the same as the actual utility of the product B produced by the tenth hour. For if A were to be lost, destroyed, or traded away, another A could be produced in its stead through the sacrifice of a B, by turning the tenth hour from B to the production of an A. In effect, then, upon the possession of A is *dependent* merely the utility of B. The utility of a good is defined as its power to afford satisfaction, but the "effective utility" of a good as conceived by Professor Clark is, we may say, the power of that good over a man's satisfactions, taking into consideration the adjustments he may make in his productive activities in case of the loss of that good. If he produces this same good over again, and instead goes without some other good, *in effect* he foregoes the utility of the latter, and this is precisely the *effective utility* of the first good.[2] Thus, in

[1] So large an increment as an hour is taken merely as a matter of convenience. There is a certain form of attack upon all marginal methods of theorizing in economics which is always met by making the increments infinitesimal. It is hardly necessary to guard against that attack here.

[2] The curious reader would find it of interest to compare Professor Smart's statement that the value of a good is almost always in the end measured by a "foreign utility." "The value of a horse may be

Professor Clark's view, the utility produced by the last increment of a man's labor affords a unit for measuring the effective utility to him of any and all the freely producible products of his labor. But it has already been shown that the *disutility* of this last increment of labor is equal to the utility produced by it. Thus terminal disutility becomes also an available unit of "subjective" or esteem value, and Professor Clark adopts this as the "ultimate standard of value" upon the ground that pain is a more convenient measure than pleasure.[1] The theory signifies that the subjective value to the isolated producer of any good whose supply depends on labor can be most conveniently measured by the labor cost of that good. To quote:

It follows that, in the case of an isolated man, we may measure the subjective value of goods by the mere duration of the work that creates them. All goods made in an hour are equal in effective utility and all hours of labor are of equal effective disutility. Destroy the product of an hour's work, and you injure the man by a fixed amount; make any hour's work unnecessary, by making nature freely supply what is produced in that period, and you benefit the man by a fixed amount . . . The product of two hours' work will always be of just twice as much subjective value as is the product of one.[2]

Professor Clark has in some place defined subjective value as the "measure of effective utility." Menger defined this

measured by the foreign utility of a summer vacation." See *Introduction to the Theory of Value,* pp. 37-8. Much dialectical exercise of interest could be had by comparing fully the precise formulæ of "marginal" utility developed by the Austrian economists and Prof. Clark's formula. Clark's theory is at bottom in harmony with the Austrian, but goes further.

[1] See *op. cit.,* p. 380. [2] *Ibid.* p. 389.

kind of value as the significance attained by a good in our estimation when we know that some satisfaction of ours is conditioned upon command of this particular good. Value, as an amount, is the measure of the quantity of satisfaction conditioned. The present writer has already expressed his opinion [1] that Menger's mere definition of value gives the solution to the great riddle of the relation of value to usefulness and satisfaction, and that virtually from the mere proposition contained in this definition a large part of the theory of value can be deduced directly. It is of great interest to note, therefore, that Professor Clark's definition of subjective value is in entire harmony with Menger's. The definition of Menger explains value universally, wherever there is value. Clark's definition, though conceived quite independently by him, is but an extension of the principle in Menger's definition, but an application of it to a certain special case. This case, though logically a special instance, is however typical of most of the goods we imagine a Crusoe to be producing, consuming and reproducing. This is the case of freely reproducible goods. Here, if a good be destroyed, its value will be revealed by the satisfaction that must be given up because of its destruction, which is the satisfaction finally conditioned upon it. In the end, what Professor Clark points out is merely that this good may be replaced by diverting to its making labor which otherwise would have been employed in producing some other good which Crusoe chooses to resign instead. The satisfaction in effect, or in the end, conditioned by good A is the satisfaction directly conditioned by or afforded by good B, the good given up.[2]

[1] *Cf. ante* p. 145.

[2] A brief comparison of the Austrian concept of "marginal utility" with Clark's concept of "effective utility" may be of interest. Many

As it appears to the present writer, Clark's theory of esteem value is to this point so well founded that even the most uncompromising opponent of labor theories can find no ground to deny it. We have here explained a labor measure of esteem value, perfectly justified at least under the conditions of the isolated economy, and Professor Clark's analysis has disclosed the inner reasons why this measure can be employed. Indeed, while speaking of reproducible goods in the Crusoe economy, it may be affirmed that cost is not only a "measure" of esteem value, but is also a joint *regulator* of value. To be precise, the costliness of a good acts jointly with the utility of the good in regulating its value. To say that one thing regulates another is, of course, asserting more than that it measures

kinds of goods are divisible into parts without changing their economic nature. Grain is a good example. A piano is an example of the other kind of good, the unit good. When a given good is divisible into increments, the Austrians point out that the value of any or every increment depends purely upon the satisfaction afforded by the last used or least useful increment. Putting it in another way, they say the marginal utility of the good is the actual utility of the last increment, and value depends on marginal utility. The very essence of this principle is that the value of a thing, as for instance first increment, does not depend on its own exact utility. Professor Clark, developing his thought in his own way, and using a different terminology, goes further than the Austrians, but along the same line. The "effective" utility of a good is not its own utility, but is that other least utility produced by the same amount of labor. The Austrians state that the value of any bushel of wheat depends on the utility of the "last" bushel, because if any bushel is removed the result will be that the last bushel is really given up, or any bushel is in effect the last. Clark points out that among goods which are all freely reproducible, the value of the product of any unit of labor time depends on the utility of the least useful product produced by a unit of labor time, though this other least useful product be an entirely different kind of good and not an increment of the same kind of good. Many minute questions in this connection we may pass for lack of space.

that other. A regulator is a measuring cause, whereas a mere measure is not a cause of the thing estimated.[1]

In what precise sense is costliness here a co-determinant of value? When a good both costs pain or discomfort in its production and affords pleasure in its use, it is common custom to speak of the "cost" of the good as the exact opposite of its "utility." But these concepts are not direct opposites. Cost consists in the subjective experiences of

[1] Without attempting a systematic classification of kinds of causes, we all know that such is our notion of cause that we can conceive of many causes which bear no assignable quantitative relation with their effects (*i. e.,* effects for which they are partly responsible). The pressure of an electric button "caused" the Hell Gate explosion (after conditions—*i. e.,* other causes—were prepared) but the amount of pressure put upon this button, or the size of this button, had nothing to do with the quantity of the explosion or the amount of work done in the explosion. We are permitted to speak of the act of pressing the button as a cause, but not as a regulator (except with respect to the *time* of the explosion, an irrelevant consideration here), for a regulator is a cause the quantity of which determines the quantity of the effect. It should be noted that when the quantity of the cause is compared with the quantity of the effect, to show that the former regulates the latter, the quantity of the cause must be established independently of the quantity of this same effect; otherwise the fallacy of reasoning in a circle is committed. This digression does not lead us so far astray from the theory of value as might be supposed. This precise fallacy has been committed time and again in the reasonings that have been brought to the support of the labor theory of value. For instance when the term "labor" is used to signify disutility or cost (instead of productive power) by the expounders of the "difficulty of attainment" philosophy of value, and it is asserted that the labor cost of a good regulates its value, the objection is soon encountered that skilled labor produces a greater value per day than common. Thereupon it is frequently explained that skilled labor is condensed, or counts as more labor per day than common. As a matter of fact, we all know that in the vast majority of cases, skilled labor, measured independently of the value produced by it, and measured as a quantity of labor in the sense of disutility, is less labor per day than common toil.

the producing man, and its precise opposite is pleasure or, specifically in our economic usage, satisfaction of want. But "utility" never is a precise equivalent for satisfaction. On the contrary, utility is another kind of opposite of satisfaction, being always conceived to belong to the good and not to lie within the man, except in the treatises of certain unconscious metaphysicians. In virtue of a certain combination of physical properties a good possesses a power to produce a satisfaction in a man.[1] This power, due to its physical properties, is the best conception of the good's utility. The precise opposite of utility cannot be designated by cost, but the word "costliness" fits the need. In virtue of their physical properties, or physical and chemical relations with other external things, some goods require a large amount of change of man's external surroundings to be effected by him in order that they may be produced. We give these goods the attribute of costliness, similar to the attribute of utility, and the relation

[1] Whenever, of course, the man acting for himself, places himself in the relation with the good which permits its power to become effective. Compare the discussion in section ii of this chapter. No apology is offered for the present "discussion of mere words" as it might be termed by the hostile. These discussions contribute to clearness of thought upon questions of theory, and clearness of thought in theory is certain from time to time to be of benefit to discussions of many proximate and practical issues. For instance, we find recently a well known writer explaining that "scientifically" the distribution of money among nations is so governed that money reaches the level of equal "marginal utility" in the different countries. See a paper entitled "The Distribution of Money," *Journal of Political Economy,* vol. ix, p. 49. This proposition has no meaning, and is authorized by nothing in the Austrian theory, though the writer quotes the Austrians freely. A little "word discussion" by "practical" writers might enable them to see when they are covering up the absence of an explanation by mere conjuring with formulæ whose real meaning has not been ascertained.

between costliness and cost is similar to the relation between utility and satisfaction.[1]

The question which now concerns us is whether in the case of freely producible goods the supply of which can be augmented at will by the application of more labor, the costliness of a good takes an equal part with its utility in determining its value. If the marginal utility of a good determines its value, marginal utility is still the mere creature of the supply of the good. The larger the supply, the lower the marginal utility. Putting the matter the way it is often stated in present-day treatises, the supply that will be produced depends upon the cost of the good, and thus at bottom cost determines value. Making a more careful statement we may say that the supply depends upon both the costliness and the utility, since Crusoe will increase the supply—the *average* yearly supply, we should say if speaking of a crop—until the marginal cost and marginal satisfaction become equivalent. For the normal case, the increase of the number of increments of the good will entail an increase of marginal cost and a decrease of marginal utility. Both the marginal cost and the marginal utility vary when the supply is changed, but the supply tends to rest at the point of equilibrium of these two quantities, and is thus determined by them jointly.[2] If the

[1] The term "disutility" is almost universally used as equivalent to "discomfort," that is, as being purely subjective. This makes it available as an opposite of satisfaction (or of utility according to the usage of those writers who use the latter as a subjective term) but the same usage debars its employment as the opposite of utility in the sense advocated in the present essay.

[2] The determination of Crusoe's supply of a good at this point, which fixes the subjective value of the good, bears a few obvious analogies to the determination of competitive exchange values in the social market at the point of "normal equilibrium of supply and demand," as described by Professor Marshall.

general costliness of this grain should fall, its value would soon be lowered, for Crusoe would be led to produce more of it in order to reach the point of supply which equilibrates final cost and satisfaction. Thus the marginal utility and value would be lowered. Conversely if the costliness be increased, value will be raised. Under Crusoe conditions we are considering the relations of costliness, utility and value in the simplest of circumstances we can imagine. Even here the question arises, is it correct to affirm that costliness is *precisely coördinate* with utility in determining value? To me it seems apparent that utility exercises a more direct and intimate control over value than cost, even in the simplified case now before us.[1] In the first place, value is still *derived* solely from utility.[2] Cost influences value only by way of influencing the value-determining utility itself. Thus cost is more remote from value than is satisfaction or utility. Even in the case of goods valued according to their "effective utility," that is, according to a foreign utility, there is no violation of the principle that value is derived solely from utility. Cost or costliness is never the source of value. No amount of cost endured for a good without utility will confer value upon it. There can be no discrepancy between utility (here we are speaking of the utility that is the counterpart of the satisfaction *conditioned* upon the good, *i. e.,* the marginal utility in the cases of goods divisible into increments) and value, whereas there may be between costliness and value. If anything prevents the supply of a good from being

[1] Reasons will appear later, it is believed, to show that when we reach the complex case of real social industry and exchange value the control of cost over value will be much more impaired than that of utility.

[2] It has already been shown why it is quite impossible to hold to the opinion that cost is the essence of value. *Cf. ante* pp. 34-5.

increased to the point of marginal equivalence of utility and costliness, then of course the value follows the utility and not the costliness. Costliness is thus not a more fundamental cause of value, but merely a more remote cause than utility, and in any event can influence value only by affecting the utility itself, by helping to determine supply.

7. Turning to social conditions, we meet the new problem of exchange value. It is true, certain value comparisons may be made in the entirely isolated economy which afford a kind of prototype of the exchange value of the market. Crusoe might, perhaps, have occasion to make mental note that ten bushels of his wheat supply possess the same esteem value to him as one cord of his firewood. This comparison involves a ratio between valuable goods, and if Crusoe only had reason to trade with himself we might find the phenomenon of purchasing power—the true conception of exchange value—and ten bushels of wheat would have the purchasing power of one cord of wood. This kind of exchange value—if we dare call it such—would be most simple; for it would be directly determined by, and be in exact proportion to, esteem value. Just as Crusoe will be able to carry the esteem values of reproducible goods in mind most readily in terms of disutility cost, so would he be able to strike value ratios between such goods most easily by comparing the disutility costs of their physical units of measure. Thus, if one cord of wood should exchange for ten bushels of wheat, the reason would be that a bushel of wheat costs one-tenth as much labor as one cord of wood. This thought need not be pursued further. If the exchange value of a good in the social market depended in the same direct manner upon the esteem value of that good to all society or to "society as a unit," the final theory of exchange value would be much simplified. But, unless the present writer is mistaken, a good

cannot possess an esteem value to society as a whole, but can merely have a separate value to each individual member of society.

Though it is questionable whether we can apply the theory of final equivalence of utility and disutility directly and in an unmodified form to all kinds of social value, we still find generally that each individual in society values his personal consumption goods substantially in the same manner as Crusoe. Under the division of labor, the individual does not produce his own consumption goods, but renders certain productive services to society for which he receives remuneration in the shape of a money income. Money income may also be derived from capital acquired at the cost of abstinence on the part of the individual receiving it. But again, it may as well be the result of gift or inheritance, in which case it represents no subjective cost to the recipient. When a dollar costs a man subjective sacrifice to acquire it, and the dollar is spent for a commodity, this commodity thus indirectly costs that sacrifice. The commodity is bought by the consumer because it possesses esteem value. It derives this esteem value from the satisfaction conditioned by it, but this value may well be carried in mind by the consumer in terms of his own subjective cost. Crusoe spends units of disutility, as it were, to obtain from nature certain utilities; the man under social conditions spends dollars, which may represent disutility, to obtain utilities from the social warehouse. Professor Clark's theory of "effective disutility" as the measure of value may be applied to the individual economy within society as well as to the individual economy in isolation.

Everywhere in society among individuals who earn a part or all of their money incomes,[1] we may expect to find

[1] A man may receive part of his income by gift or inheritance and

pure "esteem values" being measured by subjective costs. But the relation of subjective cost to *exchange value* is a different matter. Two parlor tables of the same make and pattern will possess the same exchange values, but the esteem values of the two to their separate owners are not comparable quantities. Each of these owners, for himself, may estimate the esteem value of the table in terms of its indirect *cost of acquisition* in his own disutility. The dollars cost him disutility and the table cost him dollars. But this is not at all the same as saying that the "exchange value" of a table is measured by the disutility *cost of production* of that commodity. Exchange value can have no such intimate relation with disutility cost as esteem value. Furthermore, the cost of production of tables is experienced only by makers of tables, and not by their consumers. The exchange values and pain costs of commodities can have no closer relation than one of mere proportionality. It is possible that, if one A has an exchange value of two B, an A has cost twice as much disutility to produce as a B. In this case the exchange values of these commodities, each in terms of the other, are proportional to their subjective costs. It is permissible to predicate equality of subjective cost and esteem value, but to say that the subjective cost of an article *equals* its exchange value would, of course, convey no meaning. The unqualified classical labor theory asserted that exchange values were determined in proportion to relative labor costs. The aim of this chap-

earn a part. The latter part becomes in this case a sort of marginal portion. Though all of his dollars have not cost him disutility, some of them have, and upon principles already discussed, any dollar has the "effective" disutility cost of the most costly dollars. This is just as true as the fact that the first hours of labor may sometimes be play and yet their product always counts as having a disutility cost because of the disutility of the final hour.

ter has been, therefore, to prepare to answer this question: Are the exchange values of commodities in the social market in proportion to the subjective costs of production of these commodities? Is there any way of defining, or method of reckoning, the pain cost of a good, which will enable us to show this proportionality?

Before attending directly to these questions, it is best to consider whether it is possible to compare the subjective costs of commodities produced by different persons or groups of persons. A ton of coal may exchange for six bushels of wheat. The subjective cost of the coal consists chiefly in the labor of certain miners; that of the wheat in the labor of certain farmers. To assert that the subjective costs of production of these commodities either are or are not in proportion to their respective exchange values, implies that we are able to compare these costs as quantities. To assert proportionality requires that we be able to say that the disutility experienced by the miners in producing a ton of coal is equal to that experienced by the farmers in producing six bushels of wheat. To assert disproportionality, we must be able to state that these disutilities are unequal. If these disutilities are quite incommensurable, we can assert nothing regarding the relation of these costs to the corresponding exchange values.[1] Men as scholars are accustomed to maintain that the pleasures or pains of different minds cannot be compared as quantities, while in every-day life the same men are equally accustomed to state that John *enjoys* music *more* than Paul, or that Primus *suffers more* or works *harder* than Secundus. May or may

[1] The reader should bear in mind that the "theory of price," in which exchange value is explained according to the utility theory of value, involves no comparison whatever of the satisfactions of different persons. See *ante*, § 4.

not we affirm that the stoker works harder, or in our own jargon, suffers more disutility, than the dining-room steward? In the hope of settling part of the issues raised in these questions, let us consider the meaning of one of Adam Smith's statements regarding wages in different employments. I refer to the doctrine that wages tend to be higher than the average in employments where there is a higher degree of disutility. This tendency is operative only under perfect competition, and the existence of numerous non-competing groups occasions a result much changed from that to be expected from this tendency, which is sometimes described in the "evil paradox" that the harder the work, the lower the wages. The question which concerns us here is, how much does either of the above statements imply with respect to the possibility of comparing the pains or pleasures of different persons. It seems to the writer that neither necessitates a direct quantitative comparison of the subjective experiences of different persons. I may, perhaps, say that the persons in occupation A are suffering more disutility and receiving higher wages than those in employment B, but all I can be supposed really to know is that if I were in occupation A, I would suffer more discomfort than if I were in occupation B. If I am a person of "average" (*i. e.,* typical) constitution, I may infer legitimately that this is true also of any average person. While making no affirmation that John suffers more disutility than Paul, either when these persons are in the same or in different employments;[1] we may be able to state that either John or Paul will suffer more in occupation A than in B. The upshot of the matter is that Adam Smith's proposition implies only our ability to compare the *dis-*

[1] This kind of affirmation is, however, very common, and hence the presumption is that it has a legitimate meaning.

utility (using this word in the sense it ought to have) of different tasks. A task is objective, consisting in certain objective results to be effected under certain objective conditions. When the objective characteristics of a task necessitate subjective discomfort in the person who performs it, the task or employment possesses *disutility,* which is thus a concept the opposite of *utility.* If within a competing group employment A affords a higher wage than employment B, because its *disutility* is higher, the result is brought about not, in the first instance, through the perception by the workers that certain individual persons work harder than other individual persons, but through the perception that any normal individual for himself would work harder at the task A than at the task B. The possibility of comparison is implied merely between the "pains" of the same person, though there are common forms of expression which imply more. We may conclude, then, that there is a perfectly legitimate sense in which we can compare the subjective costliness of commodities produced in society by entirely different groups of persons. And no one doubts that the day's product of a coal miner has a higher disutility cost than the day's product of a farmer.

When we find the statement in an economic treatise that the exchange values of commodities are ultimately regulated by their subjective cost, it is to be assumed that the meaning is the same as that which would be expressed with greater precision by using the word costliness. With the explanations already offered we may henceforth follow common usage and employ the mere word cost. There are two distinct ways of reckoning the pain cost of a commodity, namely, (1) as total cost; (2) as marginal cost. Ricardo reckoned cost according to a hybrid method. The *total subjective cost* of a good consists in all the discomforts of labor and abstinence actually endured in the past

to produce it. Taking the factor of labor alone for illustration, it includes the cost of the labor directly applied to the good, and of the labor indirectly applied by being directly applied to the raw material and machinery which are used up in its making. The machinery, however, has always been made at the combined expense of labor and of using up formerly existing tools and machinery; and the latter tools and machines had a labor cost. A product's total cost may include, perhaps, one one-hundredth of the labor cost of the first generation of certain machinery used in its production, and as we go back, one one-millionth of the second generation;[1] and the total labor cost of any commodity thus goes back no man knows how far. Therefore, the total labor cost alone of a good (to say nothing of the abstinence element) is an extremely indefinite quantity; and it is impossible to know anything very definite about the comparative total labor costs of different articles. But beyond this, we do know that the existence of differential rents destroys the possibility of proportionality between total labor costs and exchange values.

The concept of the *marginal cost* of a good appears in the Ricardian theory of rent, and has been involved more or less clearly in the reasonings of most modern economists, but it is almost entirely to J. B. Clark that we owe the consistent development of this idea. The marginal

[1] Suppose a machine is destroyed in the making of 100 units of a certain product. Then the total labor cost of each of these units contains $\frac{1}{100}$ of the total labor cost of this machine. This is explained by Ricardo and by recent followers of Ricardo, as for instance by Professor Macvane in his text book. Another earlier machine was partly used up in making this first one. Perhaps it contributed $\frac{1}{10000}$ of its total labor cost to this first. Then each of our products contains in its total labor cost $\frac{1}{100}$ of $\frac{1}{10000}$ of the total labor cost of the machine of the second generation back.

subjective cost of a good may consist either of labor or of abstinence, but not of both combined. In this essay we will arbitrarily set aside the problem of abstinence cost. The marginal labor cost of a good is, of course, determined by ascertaining the marginal product of labor in producing this good. To illustrate in the simplest manner possible, we will follow the time-honored procedure of eliminating capital for the moment, and suppose successive doses of labor to be applied to a given piece of land.[1] Let the labor force applied stand at a certain amount, and suppose the dose to consist of a labor day. Then, if experimentation reveals the fact that the addition of one more dose will increase the whole product by the amount of two bushels, we define these two bushels to be the marginal product of a labor day. Professor Clark frequently refers to this same quantum as the *specific* product of labor. The land in this case may have consisted of a 100-acre field and the total labor applied may have amounted to, say, 300 labor days. The total produce may have been 3,000 bushels of grain. By hypothesis, capital being eliminated, the total labor cost of these 3,000 bushels is 300 labor days, or ten bushels cost one labor day, or the total cost of a bushel is one-tenth of a day. On the other hand, the marginal cost of a bushel is one-half of a labor day, since two bushels are the marginal product of a day.[2]

[1] Using capital here in the sense of means of production that are themselves products of labor. We will go so far in our illustration as to suppose that the land has never had labor expended upon it to drain it, or in any other way to "fix an element of capital in it."

[2] In this illustration the marginal cost is five times as high as the "total cost" or total average cost of a bushel, but this ratio could have no significance even if the data of our illustration were approximately true with respect to the *direct* labor cost of wheat on good land, for we have eliminated from the real total labor cost all of what Ricardo called the "indirect" labor cost, by eliminating capital.

Ricardo, who so explicitly defined total labor cost as consisting of the labor both directly and indirectly applied to a commodity, also assumed that in one respect value-determining cost is *marginal,* though he never used the word "marginal." It was for this reason that not far back we described his method of defining cost as hybrid. His doctrine that rent does not enter into cost was but one way of stating that *on land,* it is only marginal cost (as he expressed it, the cost of the most costly portion of the supply) which determines value. In real life, products are the result of combining not land and labor alone, but land, labor and capital (in the sense excluding land—our usage at present). When Ricardo was expounding and illustrating the theory of rent which bears his name, he was forced to suppose that the successive doses added to land were composed of capital and labor jointly,[1] which left his marginal quantum the product of both of these agents. This left him with the great interest difficulty with which he occupied himself in his first chapter.[2] It remained for J. B. Clark to point out that the marginal product of labor could be disentangled from the product of capital as well as from that of land.[3] Upon this possibility depends the important productivity theory of wages. In order to explain the process by which the pure marginal product of labor is found by the entrepreneur, Clark adopts what is virtually the business man's conception of capital,

[1] Ricardo frequently supposed his doses to consist of sums of money expended by the farmer, or to consist of increments of money capital. These doses of money, however, would be expended for capital goods and labor power conjointly.

[2] Traced in the fifth chapter of the present essay.

[3] That is to say, when we affirm that in our theory we can disentangle the specific product of labor, we mean that entrepreneurs in practical effect do ascertain the marginal product of labor in making up their labor forces.

as distinguished from concrete capital goods. The latter alone have been designated capital by most economists in their formal and explicit definitions. Professor Clark prefers to call the two concepts simply capital [1] and capital goods. Capital is a "sum of productive wealth, invested in material things which are perpetually shifting—which come and go continually — although the fund abides." [2] These material things are the capital goods. Capital as an amount must be measured by its exchange value. A capital of $100,000 may be prepared to employ say 40 men. Should it be rearranged to employ 20 men, its concrete make-up would have to be altered. A less number of machines and tools of better quality would have to compose it. Now as the concrete tissue of a given capital perishes or matures and frees its value for reinvestment in more concrete goods, an entrepreneur has it open to him to alter the concrete constitution of his capital. In this way, in the course of time, an entrepreneur may be able to rearrange his capital so as to augment or decrease the labor force employed with it. In many cases pretty large changes in the labor supply employed with a given capital could be made with little or no alteration of its technical concrete make-up. Somewhat slowly and under this and that frictional difficulty, the experimentation is made which reveals the marginal product of labor. The process which discloses this must always in the end be one in which an increment of labor is added to or removed from the force working with a given capital and an observation made of the resulting addition to or subtraction from the total product. The exposition of this process and the explanation why competition tends to make the wages of labor (of whatever grade) equal to its specific or marginal prod-

[1] Sometimes "pure capital." [2] *Distribution of Wealth*, p. 119.

uct, is probably the greatest contribution to economics contained in Clark's *Distribution to Wealth,* and occupies a large part of that work.

As was virtually pointed out by Malthus,[1] the presence of rent and interest charges in entrepreneur's costs is an insuperable obstacle in the way of the theory that a commodity's total labor cost is proportionate to its exchange value. If, however, an attempt is made to correlate *marginal* labor cost and exchange value, the difficulties of rent and interest are eliminated. When we say that these difficulties are eliminated, we do not mean that they are arbitrarily set aside, or that we merely run away from them: but the marginal labor cost of a commodity is not affected by the payment of rent and interest. For instance, if wheat is being produced at the same time on land of the best and land of the poorest grade, a large rent will be paid out of the total wheat product on the former soil, and little or no rent may be paid out of the total product on the latter, and yet the cultivation will be carried to the point which makes the marginal product of labor and the marginal labor cost of wheat the same on both grades. The same observations may be applied to rent of capital (or interest, as we call it when it is calculated as a percentage of the value of the rent-bearing agent).[2]

The great difficulty in the way of the theorem that the marginal labor costs of commodities are in proportion[3] to their exchange values, is the problem of skilled labor. The best way to show the effect of skilled labor upon com-

[1] See *ante,* chap. vii, § § 4 and 5.

[2] Adopting the view of the income of capital taken by Professor Clark and advocated with so much force by Professor F. A. Fetter.

[3] By this phrase we mean always *in relative proportion,* so that the value of A is to that of B, as the cost of A is to that of B.

parative marginal costs is first to eliminate it temporarily from the problem, and show what the relation of marginal labor cost would be to exchange value, if there were only common labor throughout society. If all labor were of a single grade, all commodities which are products of labor would have exchange values in proportion to their respective marginal disutility costs. This would be true whether the products are consumption goods or are merely production goods which are used in making further products. Some valuable goods are not products of labor. Such are bodies of ore lying in their natural state, standing timber, *etc.* These production goods have no disutility cost, marginal or total, and consequently their exchange values have no relation to cost. Their supplies are determined independently of human agency. Ore at the surface, crushed or smelted ore, are, however, products of labor, and so long as only a part of the known existing ore of mines is removed—a part remaining untouched because of too high cost—the supply of any product resulting from the combination of labor and native ore-bodies, will depend upon marginal labor cost.[1]

The homogeneous labor force (which we have assumed temporarily) will distribute itself among all the various industries in society in proportions determined by the marginal product in each industry. Capital will also distribute itself throughout the system of industries, tending, of course, in the long run, to appear in each industry in such proportions as will, apart from inequalities of risk, produce everywhere an equality of its returns. Assuming the distribution of capital to have reached a condition of equilib-

[1] Put in proximate and practical language, the amount of ore that can be taken profitably from a mine depends jointly on the price of the ore at the surface and the wages of labor.

rium—it being no part of our present task to follow out a theory of interest—let us try to show that labor will distribute itself over the field of industry in such a manner that exchange values will be proportionate to marginal labor costs. If labor flows from one industry to another, the total output of the first industry will decline and that of the second will increase. The change in the supplies of the respective products of these industries will alter the exchange values of these articles. Different distributions of labor among industries will give rise to different relative supplies of commodities and different exchange values. As the supply of labor in any industry increases, its marginal product decreases. If all occupations possessed the same disutility, the supply of labor would be so distributed that its marginal product would have the same exchange value in all industries. But if some occupations necessitate higher disutility costs than ordinary, the supply of labor obtainable for those industries will decrease until the exchange value of the marginal product is raised till it compensates for the superior disutility.[1] If one commodity is produced at a higher disutility cost (to the labor directly employed upon it) than another, the marginal product of labor in it will have a higher exchange value. If 6 A in one industry and 1 B in another make the marginal product of a labor-day, 6 A will exchange for 1 B, provided the disutility of labor is the same in both employments. But if it costs more disutility to produce 6 A

[1] A rise of the exchange value of the specific product of labor compensates for superior disutility by enabling the laborer to purchase things of higher esteem value with his enhanced wages. In other words, we have been explaining the familiar doctrine that wages tend to be higher in employments of higher cost. If a laborer were free to choose the precise length of his own working day, he would stop when the final disutility of the labor and the utility of the commodities purchased by the marginal increment of wages are equivalent.

than 1 B, the relative supplies of A's and B's would be so adjusted that 6 A will exchange for more than 1 B. Thus a superior disutility cost raises the exchange value of a commodity, in order that this commodity may afford a superior value product to labor. Labor-power is a peculiar production good. Like other production goods of manifold productive uses, its expenditure constitutes potentiality cost; but it is unlike others in that human pain cost is an ever-present incident to its expenditure. The distribution of labor power among different productive uses is not governed solely with reference to its share of value derived from the product, but is governed in part with reference to the pain-cost involved in the production of the product. A higher disutility necessitates a higher share of exchange value. Thus it comes to pass that this most disposable and important of production goods will distribute itself among products in such a manner that these products will have exchange values in proportion to their marginal pain costs. This result is brought about solely by control of the relative supplies of these products, the exchange values of which are all derived from utility solely after the method described in the utility theory.

When we introduce the question of skill into the problem, we find that the supplies of many kinds of labor are limited not with reference to the disutility of the tasks performed, but are limited solely because the requisite brain-power, ingenuity or strength are scarce. The marginal product of such labor is raised by the limitation of its supply. Thus, it is a truism that many occupations of the lowest disutility afford very high wages, and that in the vast majority of cases high wages are not caused by high disutility, but by scarcity of competent persons. Suppose the commodity A is scarce, is of high exchange value, and is the marginal product of a skilled labor day. Article B

is the product of a day of the lowest kind of labor. One A may well exchange for three or four B. Yet the marginal labor cost of A is, in the typical case, even less than that of B, for the skilled laborer ordinarily suffers less pain cost per day than the unskilled. Hence, the exchange values of these products are quite out of proportion to their comparative marginal disutility costs. The existence of non-competing groups, first emphasized and named such by Cairnes, is then a fatal obstacle in the way of the adjustment of exchange values to comparative marginal costs.

8. We may now essay a partial summary of the results which have been reached up to this point. The end of the theory of value is primarily to explain exchange value. The only workable definition of this term is purchasing power. The purchasing power of a commodity is measured objectively in terms of the physical units of some other particular good, except when we are speaking of the concept of an article's *general* purchasing power. This, its purchasing power over all other commodities,[1] is measured as some kind of mean or average of all its particular purchasing powers. What mean, it is no part of our task to enquire. All goods which possess exchange value also possess that other kind of worth which we termed "esteem value." Every commodity derives its exchange value solely from its esteem value, or, speaking with precision, from its esteem values. For a commodity has a separate esteem value to each individual person who can utilize it. If society were as one man,[2] the exchange values of goods

[1] Or, as Walsh states, it may also be defined as the article's purchasing power over all goods including itself. This is not the same concept, but is one equally entitled to the name "general purchasing power." *Op. cit.*, p. 13.

[2] The meaning of this condition, it is hoped, will be apparent from the discussion in section 6.

would be but the exponents of their relative esteem values. In other words, if a physical unit of one commodity exchanged for two units of another, the reason would be merely because the first possessed twice as much esteem value to all society as a unit of the second. But the esteem value of an article is a much more definite thing than a social estimate, *i. e.,* an "average" (or typical) estimate of worth. The esteem value of a good to a person is the measure of the amount of that person's satisfaction conditioned upon the enjoyment of the good. Goods existing in superfluous abundance give satisfaction but do not condition it, and hence lack esteem value. Taking for granted the amount of an individual's income, the esteem value which a good has for him determines his price equivalent for that good.[1] The market price, or exchange value, of a good is a *resultant* from (never in any sense an average of) the individual price equivalents placed upon it by the body of individual consumers.

The exchange value of a good varies inversely with the supply of it presented to the body of consumers. The larger the supply, the lower is the price equivalent which must be reached as the marginal determining point of its market price.[2] A change of supply alters exchange value only because it changes the marginal price equivalent.[3] In the social market, the purchasing powers of all the various products over one another depends upon their relative supplies. So far as cost of production in any form exercises any degree of control over the value of a good, it can act solely by way of influencing the supply of the good. The

[1] See p. 151. [2] See p. 151.

[3] This proposition is stated loosely as being that an increase of supply lowers value by reducing marginal utility. In many cases, exchange value is lowered by a decline of marginal utilities, but not always. See p. 152-4.

phenomenon of the apparent regulation of the exchange values of products by their entrepreneur's costs, is but a part of a large process in which cognate (or "fellow") products adjust their relative supplies and their exchange values to one another, to the end that the common production goods entering into all of them may produce equal productive contributions or shares of exchange value per unit in all of their productive applications.[1] The relation of the pain costs of products to their exchange values is limited to one of mere proportionality.[2] The pain cost of a product may be calculated in two very distinct ways, giving total pain cost or marginal pain cost. The total pain cost of a good, consisting in all the labor and abstinence ever endured to bring it into existence, is quite an indeterminate quantity,[3] and its influence upon the exchange value of a good is very remote and irregular. The larger part of total labor cost, the part which includes the labor directly applied to commodities, plus the labor indirectly applied by being directly applied to the raw material and machinery immediately used in their production, and so on for the few nearest generations of machines, this being the part which excludes the infinitesimal bits of labor cost expended far in the past, can be shown positively not to be in proportion to their exchange values. For commodities produced at a higher expense of rents of all kinds (as opposed to wages) have exchange values out of proportion to this calculable part of their total costs.[4] We find that the control of *marginal* cost over value is closer than that of total cost. If it were not for the existence of innumerable grades and classes of skilled labor, the sup-

[1] Compare p. 160. [2] See p. 179.

[3] Even as economic quantities go. For concept of total pain cost see p. 182.

[4] See p. 183.

plies of produced goods would be so adjusted that their exchange values would be in proportion to their respective marginal costs. But on account of skill, we must here again characterize the influence of subjective cost as remote and irregular.

In conclusion, it is true, speaking in very loose and general terms, we may say the exchange value of a good depends both upon its utility and its costliness to mankind. But it would not be proper to say that cost and utility are equal and coördinate regulators of value. Therefore, Professor Marshall's shears simile is not to be commended. The most noteworthy changes in exchange values have been produced by discoveries which reduced the labor cost of goods. But the amount of the reduction thus produced in the exchange value of a particular commodity could have only the roughest correspondence with the amount by which its relative pain cost was reduced. Also, for reasons already shown, we know that neither before or after these changes was it possible for exchange values to be in proportion to relative pain costs, whether total or marginal costs be taken. Furthermore, all alterations of exchange values produced by cost changes are effected solely by alteration of the value-determining utility itself. Utility has a much more direct and intimate relation with value in either form than cost. Value may exist without cost and cost may be expended without occasioning value. Value never exists without utility and utility (not in the sense of Smith's "use-value," but the effectual utility, the utility which measures the satisfaction conditioned by a good) never exists without value. Cost affects value solely by influencing utility itself. From this comes the all-important conclusion that whenever any of the numerous and permanent forces are active which interfere with the influence of cost, value follows the utility and not the cost.

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TRADE UNIONS AND THE LAW IN NEW YORK

A STUDY OF SOME LEGAL PHASES OF LABOR ORGANIZATIONS

BY

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GEORGE GORHAM GROAT

PREFACE

The following pages form part of a study of labor organizations—a study which the writer expects to complete in the near future. The completed work will embrace an examination of trade unions viewed as a factor in the economic activity of New York state.

The portion here presented includes two parts. The first deals with efforts to secure legislation favorable to the interests of organized labor. It aims to describe the more important legislative activities of the state federation. The second part deals with the lawfulness of trade-union activities. It traces the development of the law and of those decisions of the courts that pertain to the legal status of labor unions.

The effort throughout has been to determine the controlling principles, economic or social, and to ascertain, as far as possible, to what extent these principles conform to the wider economic and social principles upon which the present industrial life depends.

In the parts of the work not yet ready for publication the non-legal phases will be taken up, and attention will be devoted to the practical activities of trade unions in their efforts to influence to their advantage economic activity.

The sources referred to are only such as furnish material at first hand, as the proceedings of the annual conventions of the State Workingmen's Assembly and of the State Workingmen's Federation; the constitutions

of these organizations; the session laws of the state; the reports of the decisions of the courts; and the annual reports and the quarterly bulletins of the state department of labor. For convenience a table is appended stating the cases to which reference is made, and, furthermore, stating the time at which each decision was made and by what court. Much valuable information has also been secured through interviews with labor leaders and with others who are conversant with the practical side of the movement.

Finally, the writer takes this opportunity to acknowledge his debt of gratitude to the members of the faculty in Economics in the School of Political Science. The helpful suggestions, the kindly advice, and above all the guiding inspiration of these men have done much to enable the author to accomplish what is here presented.

G. G. G.

NEW YORK, *May*, 1905.

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CHAPTER I

NUMERICAL STRENGTH

In any attempt to estimate the influence of organized labor in this state, the numerical strength is a consideration of first importance. While it is undoubtedly true that the number of organizations and the number of members fail to give a wholly accurate idea of the influence exerted by them, yet the numbers must necessarily set forth an idea of the possibilities as no other facts could do. This is true for two reasons. Not all the local unions are affiliated with the state organization, and hence the entire strength of the movement is not concentrated. The importance of this consideration should not, however, be exaggerated. When awakened to some common interest there is a bond that draws them together even though they are unaffiliated. In such a case the numerical strength becomes important. In the second place, much depends on the individual ability of leaders, a force that cannot be estimated numerically. In case a leader shows unusual ability he will become much more formidable when the united membership is behind him. Especially is this true when the contest is of a political nature.

The following table gives figures to show the growth in numerical strength during the past eleven years. It is compiled from the reports issued by the state department of labor. The fact that the figures for the same year vary somewhat in the different annual reports shows

that they are not exactly accurate.[1] The variations are, however, so slight as to be safely negligible. As to the accuracy of the reports issued by the department, it can only be said that they are as nearly accurate as the conditions make it possible to have them. The very loose and inadequate manner in which the unions themselves keep their records, and the frequent desire on their part to sacrifice fact for effect, make it extremely difficult to present any statement of numerical strength with more than approximate exactness. The table is offered with the feeling that it does give a fairly adequate idea of what has been accomplished during the period:

Year	Number of Organizations	Gain During the Year	Total Membership	Men	Women	Gain During the Year
1894[2]...	860	.....	157,197	149,709	7,488	—
1895[2]...	927	67	180,231	170,129	10,102	23,034
1896[3]...	962	35	170,296	.....	.....	9,935[4]
1897[5]...	1,009	47	168,454	162,690	5,764	1,842[4]
1898....	1,087	78	171,067	163,562	7,505	2,613
1899....	1,320	233	209,020	200,932	8,088	37,953
1900....	1,635	315	245,381	233,553	11,828	36,361
1901....	1,871[6]	236	276,141	261,523	14,618	30,760
1902....	2,229	358	329,098	313,589	15,509	52,957
1903....	2,583	354	395,598	380,845	14,753	66,500
1904....	2,505	78[4]	391,681	378,864	12,817	3,917[4]

The figures in the table show the net increase from year to year. Yet they convey no adequate idea of the

[1] In every case the last figures stated have been the ones inserted in the table.

[2] June 30. [3] October 31. [4] Decrease.
[5] From 1897 to end—September 30. [6] Given in some tables as 1,881.

variation from month to month. This variation appears not only in the disbanding of organizations and the appearance of new ones to take their places, but also in the changes of membership which are continually occurring within the organizations. When we look at these unions as a factor in the economic and social life of the state, the permanency of the organizations and the steadiness of membership are important considerations. It is true that the main portion—by far the larger portion—of the membership is permanent, and that portion which is united into the state federation is as permanent and as substantial as any of the factors in industrial life. The table shows, then, the net results—the net gain after all the variations have been balanced.

A few cases taken at random will serve to show how extensive are the variations. During the first six months of 1904, 143 new unions were formed. In the same period 170 unions either disbanded or amalgamated. This left a net decrease of 27 unions. During the year from April, 1902, to April, 1903, 435 new organizations appeared. Of these 299 were formed during the first six months, and 136 during the remainder of the period. The first period included the warmer months of the year, and showed the larger gain. The six months' period immediately following shows 216 as the total number of new unions. During that period 62 were disbanded and 18 were amalgamated, leaving a net gain of 136. In 1902 the period from April to October shows 390 new organizations with a loss of 91, leaving a net gain of 299. One town showed 72 unions in March, 1903, 80 in September of the same year, and 68 in March of the following year. These instances will serve to illustrate the continual variations among the unions.

As to the size of the unions, the following is indicative:

In 1900 there were 15 unions having each a membership of less than five; 32 unions having each a membership of over 1,000. The average membership of the 1,635 unions in that year was 150. One-fourth of the entire membership was in unions having each a membership of 1,000 or more; nearly another one-fourth (24 per cent) in unions with a membership of from 201 to 500. Fifteen per cent of the unions had a membership of between 501 and 1,000; seventeen per cent had a membership of between 101 and 200. Eighty-two per cent of the entire membership was in unions with over 100 members.

While the number of unions is varying continually, there are also striking cases of variation in membership. A wave of unionism may strike a place, and the growth will be phenomenal. An entire town may be unionized in a few weeks, and then a gradual reaction will set in until a normal condition is reached. This fact will account for some of the most striking increases in membership. Yet it is not to be inferred that it is the only cause. Industrial conditions have an important influence; the personal efficiency of the organizer has its effect; also the season of the year, for the summer months seem in many cases more favorable for increase of membership than the winter months. In the summer of 1902 membership was increased in Schenectady from 2,786 to 8,856. In September, 1903, it reached 10,168. During the following six months it fell to 8,032. The losses of membership in the state in several trades were heavy during the winter of 1903–4. The clothing and textile trades lost 2,158; the metals, machinery, *etc.*, trades, 6,804; the wood-working trades, 1,042; the miscellaneous trades, 4,162. This loss was counteracted in large part by a gain in the building industry of 11,754, mainly due to the addition of a large union of Italian laborers in

New York City. During the same period the transportation trades made the relatively large gain of 5,678. The theatrical trades gained 800. There was a decline of 600 in the number of women. Such are some of the changes continually occurring in membership of which a statement of net results gives a very inadequate idea.

As a general rule, the larger cities show the widest variations in membership and the smaller ones in the number of organizations. Of the 30,907 gain in membership between April and October, 1903, all but 8,000 was gained in seven large cities of the state. These same cities furnished only 97 of the 225 gain in organizations. In New York City there was a total gain of 45 unions, with a loss of 17, leaving a net gain of 28, while during the same period there was in the entire state, except New York City, a total gain of 107 organizations, with a loss of 76, leaving a net gain of 31. In another year New York City gained 64 new organizations and 24,000 members, while the rest of the state gained 294 organizations and 29,000 members. Of 77,000 new members in 1903, 35,000 were added in New York City and 42,000 elsewhere. In another six months New York City added 18,000 compared with 10,000 elsewhere. In yet another period the city made a distinct gain while the rest of the state lost nearly 3,000. From these typical instances it will appear how large at times is the variation in membership.

CHAPTER II

DEVELOPMENT OF STATE FEDERATION

THE effort on the part of labor in New York state to influence legislation has been above all an organized effort. The degree of perfection of such organization being dismissed from consideration until a later chapter, the fact of organization remains. The oldest and most distinctively state organization was the Workingmen's Assembly. The history of its inception was briefly outlined in the address by the president of that association in 1891. It may be summed up as follows: In 1864 a bill was introduced in the legislature known as the Hastings' Strike Bill. In those days the various labor unions of the state were forming and strengthening their local organizations necessarily with a considerable degree of secrecy, because of the restrictive laws then in force. The bill, though considered "a direct stab at labor, struggling at that time for protection," appears not to have been extreme. In the course of debate Senator Folger offered amendments still more unfavorable to labor. Hastings withdrew his support entirely when the amendments were offered, and the measure became known to its opponents as "Folger's Anti–Trades Union Strike Bill." The Plasterers' Union and Typographical Union No. 6, both of New York City, led the way in passing resolutions of protest, and similar resolutions came from other trade unions of the state. A large mass-meeting was held at Tompkins Square, New York

City, at which the measure was hotly denounced and Senator Folger burned in effigy. The bill was killed. The unions saw in the death of the bill a direct result of their unity of action. There now arose among them a feeling of the necessity for organization in order to secure protection "in relation to legislation as well as the question of wages and hours of labor." "From that victory in 1864," concludes the president, "the seeds of a great and grand organization were sown." In 1865 the Workingmen's Assembly was organized. The defensive was soon laid aside for the aggressive and earnest agitation was begun. In 1871 the problem of prison labor was taken up and a commission secured to investigate existing conditions. An apprenticeship law was passed in the same year. From these beginnings the organization entered upon the advocacy of one measure after another until the movement came to assume the high degree of complexity that now characterizes it.

The Workingmen's Assembly continued as a separate organization until 1897. In the meantime two other state organizations had grown up. One was a state branch of the American Federation of Labor organized in 1881, and the other the district assemblies of the Knights of Labor organized in 1869. These were formed in the state as a part of the normal growth of the national organizations. The Workingmen's Assembly, though formed before any of the national organizations, does not seem to have exercised any direct influence on the formation of either of the other two. They appear to have been the result rather of a separate movement on the part of the various central labor unions of cities, not all within the state. In 1897 the Workingmen's Assembly united with the New York state branch of the American Federation of Labor, under the

name of the "Workingmen's Federation of the State of New York." This amalgamation was accomplished after about seven years of discussion enforced by the experience of rivalry and clashing interests detrimental to substantial progress. For a few years after this efforts were made to unite the new organization with the Knights of Labor. It seemed for a time as if this union might be accomplished. More recently, however, the two organizations have found that they are growing farther apart, and it is scarcely probable that any amalgamation will be effected in the very near future.

The constitution of the older organization varied but little and only in minor points from that of the new organization. The constitution of the Workingmen's Assembly, as it stood in 1884, is practically the constitution of the Workingmen's Federation, as it stands today. The organization consists of "such trades unions and labor organizations as shall conform to its rules and regulations." Its objects are two in number:

To agitate such questions as may be for the benefit of the working classes, in order that we may obtain the enactment of such measures by the state legislature as will be beneficial to us, and the repeal of all oppressive laws which now exist. To use all means consistent with honor and integrity to so correct the abuses under which the working classes are laboring as to insure to them their just rights and privileges. To use our utmost endeavors to impress upon the various divisions of workingmen the necessity of a close and thorough organization, and of forming themselves into local unions wherever practicable.[1]

Thus the two objects of state organization, as embodied

[1] This was the same in the Workingmen's Assembly constitution in 1869. It is in the present constitution—Article ii, secs. 1, 2.

in the constitution, are to obtain beneficial legislation and to secure more thorough organization. In 1889 a clause was added providing that "no business shall be transacted but that which is of a legislative nature, in the interests of labor." This attempt to restrict the field of action of the Assembly proved unsatisfactory to the newly formed organization in 1897, and in the new constitution the clause does not appear. This was undoubtedly due to the difference in attitude of the two consolidated organizations. The Assembly, as the clause states, confined its attention entirely to legislative work. The branch of the American Federation maintained a much more intimate relation to the unions whose delegates constituted its conventions and sought often to regulate their affairs. In the amalgamation the ideas of the Federation have survived. The following standing committees, provided for by the constitution, show the scope of the work of the conventions. They are the committees on (1) president's address, (2) finance, (3) resolutions, (4) grievances, (5) general good of organization, (6) constitution, (7) labels. Other special committees are appointed at each session as occasion requires.

It is provided by the constitution, in fixing the conditions of membership in the annual convention, that "no person holding a political appointment shall be eligible as a delegate, unless working at his trade or calling;" "no person shall be eligible . . . who publicly advocates the election of any candidate for political office who has been placed on the unfair list;" "any person holding a political appointment representing organized labor shall be entitled to a seat in the convention without voice or vote."[1] The second of these provisions is more recent than either

[1] Constitution, art. iii, secs. 8, 9.

of the other two. Until 1888 delegates after their term had expired were entitled to seats without voice or vote.[1]

Since 1883, at least, the provision of the following section has been in force:

A legislative committee shall be elected at each annual session . . . to be composed of three delegates. This committee shall have power to supervise all legislation originating in this Workingmen's Assembly [later the Federation] and shall have power to alter or change any bills, provided that the spirit and intent of such measures shall be preserved.

Further, the chairman is required to "be present during the session of the legislature," and to "attend to the entire business himself," for which service remuneration was provided. The organization of this committee has been subject to several changes. At first the three members were chosen one each from Albany, Troy and Cohoes, and were to receive "such compensation as shall remunerate them for lost time." In 1885 the residence requirements were "Albany, Troy and vicinity." The designation of places has since been dropped. In 1888 one member elected by the committee was to be present at least forty days of the session, for which a fixed sum per diem was to be paid. The following year "the person so elected" was to attend "to the entire business himself," except when he should deem it necessary to call the members of the committee together for consultation. The payments for such legislative service were to be made weekly. In 1892 weekly payments were abolished. In addition to the legislative committee, the Workingmen's Assembly had an executive council whose duties were to review the reports made by the legislative

[1] This provision for seating ex-delegates was in the constitution of 1869.

committee; "to issue the records of the members of the senate and assembly . . . on all measures emanating from this body;" and to assist the president and the committee when called upon to do so. In the new constitution the legislative committee was charged with the duty not only "to make a complete report on all measures," but also to present a "tabulated record of members of the senate and assembly on the same." Thus these two committees were placed in charge of important duties, and they became very prominent factors in the effort to shape legislation. This is shown more at length in the following chapter.

CHAPTER III

THE STATE FEDERATION AT WORK

THE present chapter attempts to throw some light on the practical influence exerted by organized labor on the course of legislation. Many labor organizations have existed for a time or for a particular purpose no record of whose proceedings has been preserved. Yet the general similarity between all such organizations makes the problem less difficult than it would otherwise be. The major portion of the material upon which this chapter is based is taken from the proceedings of one or two organizations,[1] for the reason that their records were the only ones available. At the same time, they have been used in the confidence that, although only partially representing organized labor as a whole, they nevertheless give a fairly satisfactory picture of the general influence that is being exerted for the purpose of securing the passage of laws.[2]

The consideration of legislative methods may be conveniently divided into three parts: (1) the workings of the annual conventions in session, including preliminary

[1] The Workingmen's Assembly and the Workingmen's Federation.

[2] It is a matter of regret to the student of these problems that the larger libraries of the state have neglected to collect and preserve copies of the proceedings of labor conventions as well as other material pertaining to the labor movement. Such material must inevitably increase in value as trade unions continue to grow in economic and political importance.

work; (2) the efforts to seat or unseat senators and assemblymen according to their "records;" (3) the work done during the session of the legislature, mainly by the legislative committee.

The conventions, which are held every year (usually during the month of September), are held at a time which has been chosen with some care. In this matter experience seems to have led them to conclusions different from those reached by the national organization. The convention of the latter is held as soon as the President's message is in and before Congress settles down to serious work. This gives them the space in the public press which has just been filled by the presidential message, and enables them to consider its recommendations and to formulate their measures for Congress in time for its deliberation. In New York state the conventions were until recently held in January immediately after the opening of the state legislature. The time of meeting was changed, however, so as to enable the committee to complete its work and to get it before the legislature as early as possible. The January convention did not give sufficient time for this. Another important reason for changing the time was in order that the work of the convention might be made known to candidates before election. This would enable them to influence the choice of legislators as well as to control their votes after their election.

The convention itself initiates many measures. It also acts in many cases as a revising, adjusting and regulating body. It is made up of delegates, one, two or three in number, from such trade unions and labor organizations as belong to the Federation; the number of delegates being determined by the membership of the respective local unions. Central unions are entitled to

one delegate each. Measures for legislative consideration may originate in any of these unions, local or central, and may be either recommended for legislation by a resolution or presented to the convention in the form of a drafted bill. Before being brought upon the floor of the convention, each resolution or drafted bill is considered by the executive council. An endorsement by this body will greatly strengthen the measure when before the convention, but the disapproval of the council does not prevent its being introduced independently. In the same way a measure originating with a local union may be endorsed by the central union of which that local is a member and that endorsement will have influence; but the withholding of that endorsement does not prevent the introduction of the measure before the convention. In practice, any local union which has a measure to urge will seek first the endorsement of its central union and then that of the executive council. A large number of the questions come before the convention in this way and the approval of the central bodies or of the executive council usually insures for the measure a favorable consideration, if not a favorable vote. The large central bodies are more active in originating bills than are the smaller ones, while comparatively few measures are initiated by local unions not united in centrals. Thus the articulation of local unions, central bodies and state organizations has been growing more perfect as the needs for co-operation and unity of effort have developed.

But with such a stream of bills and resolutions coming from such a variety of sources and representing such a complexity of interests often conflicting in character, the work of adjustment is indeed no easy matter, and the sessions of the convention are often exciting. In general the work of the convention is outlined by the execu-

tive council in the form of a program or list of measures. Copies of such programs are previously sent to each of the unions for their consideration before the time of the convention, and delegates often come instructed by their unions on particular measures. At present the proceedings of the convention are made as public as possible, though this has not always been the practice. The convention during its session listens to the report of the president outlining the general situation and calling attention to such particular questions as may be of current importance. The report of the legislative committee is also presented, describing the work of the past session of the legislature, recounting the fate of bills and the attitude of members of committees, and making special recommendations. The convention is divided into the seven standing committees provided for by the constitution, and such other additional committees as may be necessary. To these committees all matters are referred for consideration. This regulation applies to all measures, both those previously instituted by local unions and those inaugurated by the convention itself. An important rule is that each committee must report, either favorably or unfavorably, on every bill or resolution referred to it. Their reports are then either adopted or rejected by the convention. A large number of the resolutions fail of a favorable report from the committee. The number varies, and different estimates are made. One reliable authority fixes it at about thirty per cent. The general policy of the conventions is stated by one intimately connected with their workings to be "to take favorable action for legislation upon propositions concerning which there is entire agreement, and to avoid that on which there is division."

No matter how many conflicting interests may appear

in the convention, after the adjournment there stands a definite program for the coming session of the legislature. This program is placed in charge of the legislative committee. This committee supervises the bills of the Federation after the convention has adjourned, having power to alter them at will to meet any special emergencies that may arise, provided that "the spirit and intent of such measures shall be preserved."

Thus it appears that the purpose of the organization is accomplished up to this stage in a very thorough manner. Out of the extreme complexity in the beginning has come in the end a well defined policy as the result of a well organized system of selecting, rejecting and uniting.

The bills of the Federation must now, if possible, be enacted into law. For this purpose efforts to influence members of the legislature already seated are not sufficient. If members can be nominated and elected who are in favor of labor in general, much is gained at the beginning. There are, in general, two ways of working to secure such results. One is by independent local action to nominate a candidate within a district, and, if possible, elect him. The other is to unite the voting force within a district and to turn it in favor of that party candidate already nominated who will make the best pledges. From preference the unions seem to choose the former, but conditions often give them the balance of power where they have not strength enough to carry an independent nomination. Hence they more frequently accept the pledges, relying as best they may upon their redemption.

In 1884 a circular was sent out to the local unions of the Workingmen's Assembly advising them "to organize for the purpose of electing labor representatives to the

legislature." Candidates at this time were nominated for the assembly by the workingmen in "a number of districts of the state." Two of these nominees were elected, one in Troy and one in Utica, and a nominee in Albany failed by only fourteen votes.[1] The lesson which the officials of the organization drew from this as stated in their report was that "these results show the power of the workingmen if they would but combine politically on legislative candidates." That but two members were so elected at the time might be taken as showing equally well the weakness of the efforts on the part of the workingmen to combine. This view is greatly strengthened by the fact that the plan has not grown to larger proportions. In 1892 a resolution was adopted directing the executive committee to select two assembly districts in the state having a large labor vote and to request the political party having control of these districts to nominate a qualified member in good standing in any labor organization in harmony with the Workingmen's Assembly who should voice the sentiments of labor on the floor of the assembly. This resolution indicates a general change in practical policy, a change which has grown out of the fact that however enthusiastic a laboring man may be in the interests of labor, he is at the same time something more than a laborer, and that this something holds him by ties too strong to permit of independent local political action. Together with this tendency came a practical objection which evidently was not at first foreseen. There were men of influence in the legislature who had served well the interests of labor. These men noticed the nomination of independent labor candidates. They made it known in unmistakable terms

[1] *Proceedings of the Workingmen's Assembly*, 1884.

that they saw no point in continuing to advocate labor measures only to have labor candidates nominated against them at the next election. They might have added further that for the same reason they would be unable to secure support from any of their colleagues in the future. The present tendency is away from independent nominations, at least until they can be made more general than district nominations, and towards the use of organized balance of power, in order to turn the scale as far as possible in favor of one of the candidates already nominated. The latter policy figured largely as a reason for the decision to change the time of meeting of the annual convention. A January convention formed a program too late to influence nomination and election. A September convention would enable the work of the executive council to be completed in time for use in a campaign. Reasons are still urged in favor of holding the conventions in August, on the ground that "if a convention were held in August you could list the bills adopted. . . . . offer them to prospective candidates for office, secure their promise of support, and failing of that, use your ballot on election day for those who will."[1] Every effort is now made by leaders of the labor movement to seat friends of labor from both parties and then rely on their assistance for the passage of bills. In these efforts they are supported in a greatly varying degree by the labor voter. In general, he is prevented by numerous other considerations from following blindly the candidate who is most outspoken in his loyalty to the cause of labor.

One way of getting a candidate to commit himself is to submit to him in public a pledge. These pledges are drawn up by the executive council and sent out to every

[1] This probably has reference to primaries.

senate and assembly district. In various ways and with as great publicity as possible the leaders in these districts ask the candidates to pledge themselves. The pledges name the leading measures to be presented at the coming session. This is well illustrated by the following, chosen at random from the reports:

The committee decided to present the following pledges to all candidates for senator and member of assembly: Weekly Pay Bill; Establishing a Bureau of State Printing; To abolish all Contracts on State Work; Uniform Text Books; Equalization of Taxes.

The number of measures inserted varies from year to year, but the intention is to include the few bills which are regarded as of greatest importance.

It is difficult to show the actual result of a system of pledging. It has been in practice for several years and no evidence of its discontinuance appears. Yet it has been modified and resolutions have been offered favoring its entire abandonment. A good authority states that it accomplishes nothing at all. It is, however, the only centralized effort that is made. All other efforts depend much upon the locality, and vary greatly in efficiency according to the degree of enthusiasm that exists locally for the labor movement.

The confidence of the leaders themselves in these methods appears in the following extracts from the proceedings: "Members of labor organizations have been elected to municipal and state legislative bodies, a rather tardy but happy awarding to the efficiency of the ballot when used with discretion." Speaking of the same subject, the president said in 1884:

That the workingmen can give the control of the legislature

to either party was clearly demonstrated last fall. The last legislature was Democratic in both branches, and was made so by the promise to abolish contract convict labor in the prisons. The party violated that promise and in punishment for these false pledges the workingmen, through the ballot box, have given both branches to the Republicans. Such lessons will teach political parties to faithfully carry out their pledges to labor or suffer defeat.[1]

In this way a program of labor bills is prepared for presentation, and efforts are made to secure legislators who will favor them. The problem that now confronts the managers may be summed up as follows: Given a number of bills to be enacted into law and a legislature only a few of whose members can be relied upon as friends through thick and thin, how can the greatest possible number of these bills be passed with the fewest possible changes?

The organization's chief reliance for the accomplishment of this end is the legislative committee. The central figure of this committee is its chairman. The chairman is assisted directly by the other two members of the committee. The committee is aided materially by the executive council, which consists of the president, seven vice-presidents and the secretary-treasurer. These committees represent the strength of the state organization, and the state organization is backed by the central and local trade unions and labor organizations within the Federation. By the provisions of the constitution

the chairman of the legislative committee shall furnish to the president of the Federation a weekly report of the proceedings of the legislature in relation to labor bills that have been endorsed by this body, the president to send a copy of such re-

[1] *W. A. Proceedings* (1884).

port to each central labor body and labor paper of the state. He shall make a complete report on all measures emanating from this body [the Federation], in his charge during the session of the legislature to the convention, with a tabulated record of the members of the senate and assembly on the same.[1]

This arrangement both centralizes very effectively the influence of the organization, and keeps the central figure in very close communication with all the local unions.

To describe definitely and accurately the work of this committee is difficult owing to the scope of its powers, the variety of their use and the complexity of the interests involved. As has previously been pointed out, it is impossible to estimate mathematically the results. The only way to secure an adequate idea of the extreme patience, tact and watchfulness necessary to accomplish any results at all is to follow the work of a committee through a session of the legislature. A fairly clear idea may be gained from a reading of the reports of the committee and the resolutions and discussions of the annual conventions. The core of the work consists in taking the bills, getting them introduced, attending the hearings before committees, and urging individuals to vote favorably when the matter comes to a vote before the house. Yet if this were all that the committee did, no results at all could be expected. When is a bill to be introduced? Shall it be introduced in the assembly first, the senate first, or simultaneously in both? This settled, which assemblyman or which senator shall be chosen to introduce it? Will the bill be given a hearing? Who should be secured to advocate the bill at the hearing? Will the bill ever be reported from the committee? If so, will it be amended? Will

[1] Constitution of the Workingmen's Federation, art. v, sec. 5.

it come to a final vote? If the bill lives through all this, there are the same dangers awaiting it in the next house, and in addition arise the questions: Has it passed the first house in time? If amended, is there time for a reconsideration? If finally passed, will it be signed or vetoed? Multiply these dangers by the number of bills to be cared for, and the product gives only a part of the duties and responsibilities of a chairman of the legislative committee. The reports show that more bills are introduced in the assembly than in the senate, and proportionately more bills pass the assembly than pass the senate. In 1888 there were thirteen bills to be introduced. The legislative committee secured a conference with the assembly members "who were known to be affiliated with organized labor," recognizing that "it was very essential that the members of the legislature in our favor should co-operate with us." Seven members responded, and the thirteen bills were divided among them for introduction. The work of the legislative committee at the time of committee hearings is of extreme importance, and at this point failure awaits by far the larger number of bills. Even while the measures are before the governor, the committee is still at work, and a conference between the governor and the chairman and president of the Federation is by no means unusual.

The duties already described make the work of the committee extremely complicated. But other matters increase the complexity. There was for a time no labor committee in the legislature, and labor bills were distributed among the various other committees for hearing. This often resulted in several hearings being set for the same hour, as well as in increasing the number of committees to be watched. As a result of persistent efforts a labor committee was secured, and matters were

to that extent simplified. There has been scarcely a single report made by a committee to a convention in which the warning has not been given, "We have too many bills." "The greater the number of bills urged the less our chances on any of them." "This convention attempts to handle too many bills, and we believe that if determined action was taken, and only two or three bills presented at each session, more work would be accomplished." A drawback "which has existed for several years, and which is becoming more prevalent every year, is the large number of bills turned over to the committee to be forced through the legislature."[1] "The number of bills increases largely" was again the complaint as late as 1899. Not only is the number of bills a detriment, but many of them prove to be poorly drafted, and much time is lost in correcting them, if indeed they are not thrown out entirely because of this fault. In 1890 the president called attention to this in his annual address: "I would further recommend that all bills that we pass for the legislature be examined with care and all defects removed therefrom, so that the legislative committee will be enabled to present an almost perfect bill." "Sometimes," reports the committee, "bills come into the hands of your committee in such bad shape that it is necessary to have a lawyer revise them."[2]

In addition to these drawbacks, other obstacles to the easy passage of labor measures arise. Previous to 1897 there were each year three separate legislative committees urging three separate programs. These programs resembled each other in only a few leading features and

[1] *Workingmen's Assembly Proceedings*, 1886, 1889.

[2] Lawyers are not allowed as delegates in the conventions.

differed in numerous essential points.[1] With the organization of the Federation two of the committees were consolidated, leaving two still in the field. These two now present to the legislature two separate programs and there appears to be at times considerable rivalry between them. It not infrequently happens that two labor bills on the same subject will be introduced, one from each committee. This will often necessitate delay before the committee of the legislature while the two legislative committees confer and adjust the matter in some form of compromise draft which both can advocate. Separate local unions, after failing to get a measure of their own placed on the program of bills, often introduce it themselves through their local representative. It is then urged as a labor bill, though perhaps for some good reason opposed by one or both of the legislative committees. This has at times led to great confusion and much uncertainty as to what are labor bills and what are not. The report of 1892 states that the experience of that year had in it a lesson. Though the lesson has not been fully learned, extracts from the report will illustrate the conditions referred to.

There is no previous record of so large a number of bills being introduced or so many representatives of labor organizations being present. The Workingmen's Assembly, the state branch of the American Federation of Labor and the Knights of Labor, also several small societies, each had a full committee present. There was a deluge of labor bills. Not one real labor bill became a law. Members of the legislature who have watched and been friendly to labor legislation for years say there was too much of it, and they were right. To say that fifty labor measures were introduced is putting it mildly.

[1] In 1893, for example, over 40 so-called labor bills were presented.

During the agitation against the Pinkerton men three separate bills were urged by the three organizations at one time, in 1891, and each committee worked hard to get its own bill reported in preference to either of the others. Finally the codes committee, to which the measures had been referred, told the contending parties that if they would draft a bill agreeable to all concerned such a bill would be reported favorably. The president, in referring to the disadvantages of not always working together, said: "Such diversity tends in a great measure to weaken our efforts, to defeat our plans and to prevent us from securing the legislation necessary for our protection and welfare." "Members of the legislature tell us that if we could only make up our minds as to what we want we might get something."[1]

While there is much rivalry between the committees, yet to report them as always rivaling each other would not be fair. On the State Printing Bill of 1892, for example, the three committees joined in sending to every organization in the state a circular signed by the three chairmen asking their assistance, and the measure received the united support of the committees.

After the Federation was formed an attempt was made to distinguish between the measures of the new organization and other measures. The executive council called the attention of all legislators to the fact that no bill should be considered as a "labor measure" unless it should be espoused by the legislative committee. This has succeeded in cutting out the influence behind a large number of bills advocated by local unions. It could not very well affect the program of the other state organization. The year following (1899) the legislative commit-

[1] *Proceedings of the Workingmen's Assembly Convention*, 1894.

tee asked again for "power to place the official seal of condemnation on fake labor bills." The committee has adopted the policy of refusing to approve of any measure, even though it be a worthy one, coming from organizations not affiliated with the state organization.

Still other sources of confusion exist. There is the introduction of bills dealing with labor interests by persons not considered to be labor men, and even by legislators themselves. Even though these may be excellent measures, the labor leaders usually refuse to recognize them as such. They undoubtedly consider this attitude necessary for the maintenance of efficient organization and supervision. Yet this can not be said to be the full explanation of their attitude. They take a very well defined position in the matter. "More than half the labor bills introduced," they say, "are introduced for the purpose of giving the introducer political prestige in his district, or are introduced by scheming persons claiming to represent this or that labor organization, while the real object in view by the promoter is gain for himself." This is without doubt an unjustifiable accusation for any labor leader to make, yet it shows the determination to keep the initiation of laws in their own hands as much as possible. It also shows an unwarrantable impatience with others who have very often only a desire to promote the good of all.

Reference has been made to the plan of submitting pledges to candidates. After their election the idea is applied still further by keeping a careful record of all voting on labor bills. These results are embodied each year in the report of the legislative committee, and the legislators are classified according to their "records." Various classes have been made from time to time. In 1889 they were designated as "Special Mention,"

"Favorable Mention," "Black List" and "Dodgers." In 1891 they were "Special Mention," "Favorable Mention," "Luke Warm" and "Black List." In 1893, "Roll of Honor," "Special Mention," "Favorable Mention," "Luke Warm" and "Black List." The legislators were assigned places in these various lists according to the number of labor bills for which they had voted. Recently the plan has been changed by printing with each legislator's name the number of bills supported, the number opposed and the number of absences at the time of voting. Those having an unfavorable record are "remembered next fall when they ask for your suffrages in order to misrepresent you two years more." Even a "good record" is not always taken as favorable evidence. The committee know, as they report, of many cases where bills are "held back through subterfuge or excuse until the last days of the session. Then the member for the purpose of *making a record* will move the passage."

The committee is always in correspondence with local organizations, and this enables them at a critical point to draw in from local unions resolutions, letters or telegrams to members, and even special visits of delegations from some field where a doubtful vote may be turned or a hostile attitude modified.

An important addition to the system has been urged. It is the appointment of local legislative committees in the districts. The central committee at Albany would be in even more direct communication with these local committees than with the local unions. They would be the intermediate agencies for arousing local support or opposition. Experience has shown that a letter or a call from a member or delegation of a constituency has far more weight with a legislator than any pressure brought to bear from other sources. Through local committees

advantage might be taken of this influence quickly and forcibly at those critical times when votes are needed and when other means of securing them have failed.

This is the outline of the system. In many points it is strong, in many it is weak. It is above all an intensely practical system. It aims to benefit labor and labor alone. It is suspicious of outside interference and jealous of suggestion. Its organization is becoming stronger as it is learning by experience. The demands of the future may be relied upon to modify its workings still further, and such modification will tend to eliminate the weak points and to strengthen those already strong. It may even now be regarded as a powerful influence in legislation. As to results in legislation, positive statements must be made with extreme caution. In general it may be said, beyond the possibility of contradiction, that the organization above described has been a potent factor in securing that body of laws known by the general name of labor legislation.[1]

While it cannot be doubted that positive influence has been exerted in securing legislation, great difficulty arises in determining the exact extent of that influence. So numerous and interwoven are the various interests

[1] Taking the laws that have been denominated labor laws by the state department of labor, I have traced their development in the session laws of the state, making at the same time a parallel study of the proceedings of the state Federation conventions and the work of their legislative committee. This study shows in a striking way both the activity of the labor organizations and their determined advocacy of the bills about to become laws. Many bills are drafted by the labor organizations and introduced directly as labor bills. Another fact that attests the influence of these organizations is that the governors of the state have more than once either made to the leaders direct offers of appointment to important offices or have consulted them as to what person to appoint.

represented in the legislative halls that to single out any one of them and make a mathematical calculation of its force is impossible. To attribute the passage of any given law to the influence of any single organization, or to that of a group of allied organizations, is wholly unsafe. Even the opposition of directly conflicting interests may enlist in favor of a movement interests which were at first neutral. In response to inquiries concerning particular measures, replies similar to the following have been received:

The bill for the inspection of mercantile establishments was first urged by the Consumers' League. It was endorsed by the Central Labor Union and other organizations and was vigorously pushed by the Working Women's Society. The Social Reform Club and thousands of working people, and moderate and immoderate radicals also aided in the passage of the bill. Five years were consumed in the struggle. The bill was indorsed by all the leading physicians in the city and was approved by many of the clergy.

Another inquiry was responded to as follows:

I have made inquiry about the matter . . . . . Mr. A, President of B——, claims that they introduced the bill. Mr. C, Secretary of D——, says that they were the real cause of the bill. However, he does not deny that the bill was introduced this time by B——.

The study leads to the conclusion that in securing the enactment of the labor laws of the state, labor organizations have taken a very active interest and that as compared with other organizations, they have exercised the greatest and in most cases the determining influence.

CHAPTER IV

INDEPENDENT POLITICAL ACTION

It is not through neglect that organized labor has formulated no definite policy in relation to politics. In fact, it has often been stated in various ways that no broad general policy was attempted; that the conditions of the hour were alone to determine action. But whether such a policy be definitely outlined or not, the forces which are set in motion must necessarily yield results. The present chapter will consider what appear to be some of the more striking indications of the important influence which labor organizations may exert in politics. The conclusions reached are more or less tentative because the movement is comparatively new. It is hoped however that the advantages to be gained from a "play at the hazardous game of prophecy" fully warrant a consideration of the subject.

Even whether labor organizations should enter into politics at all, as organizations, is a question upon which there is decided disagreement. They firmly believe in drafting, presenting and urging with all their organized strength the passage of bills. But as has been shown above, the plan of organizing in local districts for making nominations has not met with much approval. Political action of a more general nature has, however, been much discussed.

The aims and objects of labor unions as expressed in numerous places by different organizations are many

and various. Among them are to be found the following: "to raise wages;" "to shorten hours;" "to lessen excessive competition for situations;" "to educate as to public questions;" "to develop fraternity;" "a good investment" (social benefit); "to cheer the home and fireside;" "to lighten toil;" "to create rights and abolish wrongs;" "to develop manhood;" "to enlarge society;" "to foster education;" "to assist each other in any manner justifiable and with voluntary financial help in the event of a strike or lockout, when duly approved by the Executive Committee" (an application of "mutual assistance"—"one of the basic principles" of trade unionism); "to mould public opinion in favor of labor" (by mass meetings, a labor press and labor literature). In this entire catalogue two purposes appear in striking prominence. They relate to wages and to hours of labor. There is a noticeable absence of reference to political action. The most pronounced utterance touching upon political action appears in the constitution of the Workingmen's Federation, which reads: to "obtain the enactment of such measures by the state legislature as will be beneficial to us." This, together with the history of the formation of the Workingmen's Assembly, indicates a distinction in purpose between local and central unions on the one hand and the state organizations on the other. By far the greater part of the purposes quoted above are taken from local and central unions or national and international unions. The state organizations emphasize especially the importance of legislation, of further organization of locals and of closer union with central and state federations. Even separate political programs have been formulated as bases for party platforms. They include the subjects of legislation reviewed in chapter iii, and other subjects as well. The Workingmen's Fed-

eration, in 1899, declared for public ownership and operation of all means of transportation, of the telegraph and telephone systems, and of gas, electric and water plants, and the establishing of labor bureaus in the different labor centres of the state under the control of trade unions. At other times the program has included "equal pay for equal work for both sexes," the demand that "the government shall issue all currency or money without intervention of banking corporations," and other measures of which the list is a long one.

The actual and practical relations with politics gives rise to the greatest difference of opinion. Two resolutions of the American Federation of Labor touching this point are significant.

That as our efforts are centered against all forms of industrial slavery and economic wrong, we must also direct our economic energies to remove all forms of political servitude and party slavery, to the end that the working people may act as a unit at the polls at every election. That the American Federation of Labor most firmly and unequivocally favors the independent use of the ballot by the trade unionists and working men, united regardless of party, that we may elect men from our own ranks to make new laws and administer them along the lines laid down in the legislative demands of the American Federation of Labor, and at the same time secure an impartial judiciary that will not govern us by arbitrary injunctions of the courts, nor act as the pliant tools of corporate wealth.

In 1887 a resolution was presented to the convention that read as follows:

WHEREAS, This is not a political body, and should not identify itself with any party or the men of any party; therefore, be it

Resolved, That it is the sense of this Assembly that no mention should be made of any man in any party that can be used as political capital to influence the vote of the people.

This resolution was rejected. A year earlier than this the president, in his address, declared it to be his belief that "political action is just as essential to success in labor matters as is the sun to the budding plant. . . . Therefore I am opposed to the proposition to abandon politics in connection with our organization."

In 1898 a resolution was introduced in the convention calling upon the workingmen of the state "to enter a political movement irrespective of the present existing parties, so as to secure legislation beneficial to themselves instead of asking such from those who are in the employ of their enemies." The committee, in reporting this resolution, recommended that "it should not be brought before the body at this time," a time when more thorough amalgamation was being attempted. The resolution was not adopted. During all this difference of opinion the practical policy has continued to be that outlined by the president in the address of 1887 as being the policy of the past: "To elect labor men to offices wherever and whenever an opportunity presented itself. When it did not, then to stand by the men who stood by our measures, and defeat those who opposed them." It seems altogether probable that the policy will continue to be that of uniting the labor vote of the community and casting it in favor of the best candidate from the point of view of labor, relying on success in enough districts in the state to give labor a fair representation in the legislature. It is not likely that any conscious change will be made, but it is probable that events themselves will modify the workings of the plan so as to

secure greater efficiency. Strong party ties favoring the existing parties will not allow of a further departure, and the expenses to be met in forming a new party organization is an additional and very practical obstacle.

Laboring men are more pronounced in stating the end to be secured by their legislation than any other group that appears before the legislature. Legislation "beneficial to us" says the constitution. "To secure legislation beneficial to ourselves" is a characteristic utterance. The legislators who stand by "our measures" are "friends," and those who oppose them are "enemies." The idea seems to prevail, and there can be no doubt that there has been much to substantiate it, that all who are not for them and for them alone are against them. Short-range contact with practical politics has done much to fix this idea. Yet if the attitude of laboring men were less directly one of self-interest, and if they were to recognize both in theory and in practice other interests or their own broader interests, they would unquestionably receive far heartier approval from the community at large.

It is the often-expressed opinion of labor leaders that a legislator, once seated by the labor vote, has no discretion upon measures coming before him for consideration. This appears again and again in resolutions, petitions, addresses and written articles. Resolutions passed frequently and without question by conventions have a very imperative tone. "Resolved, That the Workingmen's Assembly demand from the legislature to pass a law. . . . " "That we demand of the present legislature the passage of an act . . . " "That this Assembly demand the present legislature to pass the bill introduced [calling for another standing committee], to whom all bills for our benefit shall be referred." Another reso-

lution condemns the custom of attaching amendments to labor bills and directs the legislative committee "not to permit any such action." "If we have men from our ranks in the legislative halls of the state," says the report of 1899, "they should willingly carry out your mandates, and regardless of party affiliation make the fight for labor's rights hand in hand." It appears that they not only may dictate to the representatives elected by them, but that they may, in their opinion, issue demands to the entire legislative body and rely upon the ballot to make "legislative enemies feel our power to punish and legislative friends with equal force feel our friendship." This attitude not only sharply distinguishes between a representative and a delegate, but reduces the delegate to a mere automaton, useless except as a legally necessary form to stamp drafted bills as laws.

While many of these resolutions sound harsh and overbearing, this can hardly be said to be intentional on the part of those who introduce them. Compared with the resolutions of earlier years there has been decided improvement. Experience has done much for those who conduct the affairs of the unions, and it is not entirely their own fault that they have been obliged to rely on experience as their only teacher. The early gains were made at the expense of so great a struggle and in the face of such general opposition that it is not at all strange that when any gain was made the labor unionist viewed it as his own and one of which he was fully entitled to take advantage. Even a legislator once seated by efforts of the labor-union vote was not sure to remain true to his constituency. As one leader has expressed it, they sometimes experience a change of heart after a few days of service as legislators. This danger prompts the leaders to keep careful watch of their "friends" to see that

their hearts are kept true to the cause. Further, it is not at all to be wondered at that plans for independent political action were advocated. The struggle to gain their ends was often a discouraging one. Existing party organizations were slow to listen. Some things were gained by united action. What more natural than the conclusion that if an organization were formed it could act independently, and could secure for those concerned the realization of their ideals?

While there are evidences of conflicting opinion on the question of independent political action, there are very strong practical considerations that hold in check any extensive movement in that direction. It soon becomes obvious to any labor leader who contemplates a thoroughgoing political organization that such an organization cannot be bound together by so slender a cord as a labor-law program affords. Since this is the only force holding the men together in the midst of numerous and powerful forces tending to draw them apart, it is not found sufficient. As a result the first campaign brings into action those powerful forces of long-standing party affiliation and of deep-seated feeling, and the cherished organization is dissolved. In recognition of the difficulties of forming a new party organization a second plan is often tried. This plan consists in turning the men into a party already formed. This has far less chance of permanent success even than the former plan, because of the feeling of hostility in the minds of so many men towards any party but their own. This feeling is often very bitter. In spite of the fact that this plan can never be fully achieved, efforts are continually being made to secure a temporary gain. Hardly a convention is now held in which an effort is not made to "steal" the convention for one of the political parties. This has pro-

voked such acute watchfulness that often a very important matter is completely blocked because of a suspicion that some delegate is after "political capital."

These experiences are teaching the most reliable and conservative leaders that the only safe plan to follow is to confine attention closely to strictly labor affairs and to avoid anything that suggests in the remotest way independent political action.

CHAPTER V

THE DEVELOPMENT OF THE LAW OF CONSPIRACY

ALTHOUGH there is a difference in the legal theory of the origin of conspiracy in the English and in the American law, yet in its application by the courts of the two countries there has been no fundamental difference. Beginning, in England, with the statutes regulating trade organizations, conspiracy was held to be of statute law origin. At the close of the sixteenth century there began the development of the idea that as between the combination to do the criminal acts and the acts themselves, the gist of the conspiracy was in the agreement or combination; that even where the proposed acts were statutory offences the conspiracy to do them might be held and punished as a substantive crime at common law.[1] Thus, at the time that the colonists in America were developing their law on English precedents, conspiracy was held to be a crime at common law.[2] In this way the common law came to be the basis for the early decisions in New York. Throughout the entire development of the court law, English decisions have been frequently cited and English legal authorities quoted in support of the attitude taken by the courts of the state. This attitude has not been one of entire dependence, however, for sev-

[1] Wright, *Law of Criminal Conspiracies*, pp. 5–15.

[2] For discussion of the common-law origin of conspiracy, see Carson, in Wright on *Law of Criminal Conspiracies*, p. 95; also, State *v.* Buchanan, Ct. of App. of Md., 5 Harris and Johnson (Md.), 317 (1821).

eral cases show that distinctions were made because the statute laws of England had no binding force in America, and because the conditions prevailing in America demanded a different application.[1]

In the early history of the state there was no statute regulating disputes between laborers and their employers. Conspiracy, however, was a question that had to be dealt with in the first years of statehood, and this necessity influenced both the form taken by the law and its later application to labor disputes. It was a necessity arising not from labor troubles, but from conditions quite foreign to such disputes. These events gave a peculiar turn to the statement of the law.

During the Revolutionary struggle persons favorably disposed toward the cause of England became very active, and it was necessary to watch them closely. Acts intended to militate against the interests of the state were considered as acts of conspiracy. The state convention during the war appointed a special commission for the purpose of "enquiring into, detecting and defeating all conspiracies which might be formed in this state against the liberties of America." Experience showed this commission to be "of great use and importance." The commission was continued by the first session of the legislature in 1778,[2] and remained throughout the war. In 1783, by act of March 27, the prisoners and all pending cases then in the hands of the commission were

[1] "The decisions of the English courts upon questions affecting the rights of workmen ought, at least, to be received with caution, in view of the fact that the latter ones are largely supported by earlier precedents which were entirely consistent with the policy of the statute law of England, but are hostile not only to the statute law of this country, but to the spirit of our institutions." Chief Justice Parker, 170 N. Y., 332.

[2] L., 1778, ch. 3.

turned over to the justices of the peace. A suspected person could then be called before a justice of the peace and held accountable to that officer. Thus the state attempted to suppress conspiracies against "the liberties of America" while the war was in progress. In 1801 a different idea appears. On March 30 an act was passed to prevent and punish champerty and maintenance. This act was apparently aimed at the prevalence of false accusations and charges and at efforts to "get business" by sharing the gains. It seems not unreasonable to suppose that this law resulted largely from persecution of the Tories and efforts to deprive them of their property because of their adherence to the cause of England during the war. The substance of the law of 1801 is as follows:

All persons who confederate by oath, agreement or other alliance, falsely and maliciously to indict, or cause to be indicted any person, or falsely to move and maintain any plea or suit, shall be adjudged conspirators, and all persons who move pleas and suits, or cause them to be moved, either by their own procurement or by others, and sue them at their own proper costs, for to have part of the land or thing in controversy or demand, or part of the gains, shall be adjudged champertors . . . . No person, by himself or by any other, shall take upon himself to maintain quarrels of others, to the let and disturbance of law, upon pain of being punished by fine or imprisonment.[1]

This law was repeated *in toto* in the revised laws of 1813. It remained unchanged until 1828, when a revision of the statutes included the following law pertaining to conspiracy. It is quoted in full to make clear the then prevailing idea of conspiracy and for purposes of comparison with later statements:

[1] L., 1801, ch. 87.

Section 8. If two or more persons shall conspire, either, 1. To commit any offence; or, 2. Falsely and maliciously to indict another for any offence, or to procure another to be charged or arrested for any such offence; or, 3. Falsely to move or maintain any suit; or, 4. To cheat and defraud any person of any property by any means which are in themselves criminal; or, 5. To cheat and defraud any person of any property by any means which, if executed, would amount to a cheat, or to obtaining money or property by false pretences; or, 6. To commit any act injurious to the public health, to public morals, or to trade or commerce; or for the perversion or obstruction of justice or the due administration of the laws: They shall be deemed guilty of a misdemeanor.

Section 9. No conspiracies, other than such as are enumerated in the last section, are punishable criminally.

Section 10. No agreement, except to commit a felony upon the person of another, or to commit arson or burglary, shall be deemed a conspiracy, unless some act beside such agreement be done to effect the object thereof by one or more parties to such agreement.[1]

In recommending this section of the revised statutes the commission stated:

The preceding enumeration includes all the cases usually considered as conspiracy except that of a conspiracy to injure an individual by means not in themselves criminal. . . . Under these circumstances, and without reference to what may be supposed to be the existing law, the revisors have prepared the above section as containing all that is expedient to be enumerated.

The commission added a clause to its recommendation which the legislature refused to accept. This clause was to make it criminal to conspire "to defraud or injure any

[1] R. S., 1828, pt. 4, ch. 1, tit. 6, secs. 8, 9, 10.

person in his trade or business." Concerning the 9th section, the revisors remarked that it was "necessary [in order] to put at rest the doubts and difficulties respecting the common law offences." Of the 10th section the revisors said:

By a metaphysical train of reasoning, which has never been adopted in any other case in the whole criminal law, the offence of conspiracy is made to consist in the intent; in an act of the mind; and to prevent the shock to common-sense which such a proposition would be sure to produce, the formation of this intent by an interchange of thoughts is made itself an overt act, done in pursuance of that interchange or agreement. . . . Acts and deeds are the subjects of human laws; not thoughts and intents unless accompanied by acts.[1]

The opinion has been expressed that the legislature in rejecting the clause, "to defraud or injure any person in his trade or business," acted wisely, since they put an end to the vague generalizations of the common law.[2]

At this point it may be noted that the New York state law rests primarily upon a basis of common law enforced by such statutes as have been referred to, enacted at the time of the Revolutionary War. These Revolutionary influences remained dominant until about 1813, and gave the appearance of a statute-law basis to conspiracy. After the particular evils against which these laws were aimed had become less obvious, the common-law basis began to assert itself again and it was felt that conspiracy was without question indictable at common law. The revision of 1828 made this change: it gathered up from the common law those principles upon which at the

[1] 9 Cowan, 624-5.

[2] *Fifth Annual Report of the Bureau of Labor Statistics, N. Y.* (1887), p. 653.

time it seemed desirable to base action against conspiracy and expressed them definitely in statute form, thus making the basis again a statute-law basis. From 1828 down to 1870, the provisions remained unchanged, although several revisions of the statutes as a whole were made.

In 1870 the legislature passed a statute which considerably modified the whole section dealing with conspiracy so far as the laborer was concerned. This law read as follows:

The provisions [of the Revised Statutes] shall not be construed in any court of this state to restrict or prohibit the orderly and peaceable assembling or co-operation of persons employed in any profession, trade or handicraft, for the purpose of securing an advance in the rate of wages or compensation, or for the maintenance of such rate.[1]

This law was in a later revision embodied in the conspiracy section and in 1881 the whole subject of conspiracy was transferred to the penal code. After some changes in wording, the section was made to read as follows:

Section 168. If two or more persons conspire, either, 1. To commit a crime; or, 2. Falsely and maliciously to indict another for a crime, or to procure another to be complained of or arrested for a crime; or, 3. Falsely to institute or maintain an action or special proceeding; or, 4. To cheat or defraud another out of property, by any means which are in themselves criminal, or which, if executed, would amount to a cheat, or to obtain money or any other property by false pretenses; or, 5. To prevent another from exercising a lawful trade or calling, or doing any other lawful act by force, threats, intimidation, or by interfering or threatening to interfere with tools,

[1] L., 1870, ch. 19.

implements, or property belonging to or used by another, or with the use or employment thereof; or, 6. To commit any act injurious to the public health, to public morals, or to trade or commerce, or for the perversion or obstruction of justice or of the due administration of the laws: Each of them is guilty of a misdemeanor.

Section 170. No conspiracy is punishable criminally unless it is one of those enumerated in the last two sections [168 and 169], and the orderly and peaceable assembling or co-operation of persons employed in any calling, trade, or handicraft, for the purpose of obtaining an advance in the rate of wages or compensation, or for maintaining such rate, is not a conspiracy, if none of the acts or things prohibited thereby is done or agreed to be done by the persons assembling or co-operating.

Section 171. No agreement except to commit a felony upon the person of another, or to commit arson or burglary amounts to a conspiracy, unless some act besides such an agreement be done to effect the object thereof, by one or more of the parties to such agreement.[1]

Section 171 A. Any person or persons, employer or employers of labor, and any person or persons of any corporation or corporations on behalf of such corporation or corporations who shall hereafter coerce or compel any person or persons, employe or employes, laborer or mechanic, to enter into an agreement either written or verbal from such person, persons, employe, laborer, or mechanic not to join or become a member of any labor organization as a condition of such person or persons securing employment, or continuing in the employment of any such person or persons, employer or employers, corporation or corporations, shall be deemed guilty of a misdemeanor.[2]

[1] P. C., tit. viii, ch. viii, being ch. 676 of the laws of 1881, passed July 26, 1881.

[2] L., 1887, ch. 688.

That this legislation has been accomplished in part through the efforts of organized labor appears from the following evidence taken from the reports of annual conventions. It stands as evidence of further discussion and of other activity outside of conventions enlisted in an effort to arouse public opinion in favor of legislation less hostile to the interests of labor.

In 1869 and 1870 were held the first of the series of annual conventions of the state labor organization known as the Workingmen's Assembly. In the annual addresses of the president before these conventions[1] attention was continually called to the disadvantageous position of the laboring man due to the indefinite provisions of the conspiracy law. Many cases were cited where charges had been brought against laboring men and punishment visited upon them for conspiracy when, if we may rely upon the accuracy of the knowledge of the president, their only purpose had been to secure better wages or shorter hours or improved conditions of labor. For example, several members of a bricklayers' union had refused to work with an unindentured apprentice. The matter was carried to the supreme court as a conspiracy case. Another strike of bricklayers in New York City was taken to the courts and the men charged with conspiracy. During 1868, says the president in one of his reports, "several members of the trade unions of this state have been called upon to appear in court and answer to the charge of violating the statutes relating to trade and commerce as criminals and conspirators." One of the charges he quotes as follows: "Conspiracy and combination in refusing to work for a man employing an unindentured apprentice." This case was decided

[1] *Proceedings, Workingmen's Assembly*, 1869.

in the lower courts in favor of the plaintiff. It seems to have been the view of the president that this law was revived for the special purpose of preventing laborers from asserting their rights. "During the past year a law has been found on the statute books making workingmen's associations a conspiracy." The law came to light upon the arrest and indictment of members of trade unions "for carrying out the principles of their constitution and laws." The convention of the Assembly willingly took the matter up upon the recommendation of the president and drafted resolutions against the enforcement of this provision and the repeal of the law. "Whereas," reads one of the resolutions,

> Some antiquarians having found a law on the statute books of this state, so-called conspiracy; and, Whereas, Said law is capable of being construed to the detriment of the working men of this state, by preventing them from combining for their mutual protection and benefit; Resolved, That this Assembly respectfully ask, in the name of twenty-five thousand workingmen, the repeal of said law.

Another resolution was as follows:

> Resolved that this organization use every endeavor in its power with the Legislature of this state to have erased from the statute books all laws that may infringe on the rights of labor, especially that entitled the Conspiracy Law, rendering workingmen liable to be prosecuted in asserting and maintaining their rights.

The convention also adopted the draft of a bill which they instructed their committee to urge upon the legislature. This bill read as follows:

> Section 1. It shall be lawful for any and all classes of

mechanics, journeymen, tradesmen and laborers to form societies and associations for their mutual aid, benefit and protection, and peaceably to meet, discuss and establish all necessary by-laws, rules and regulations to carry out the same.

Section 2. The provisions [of the Revised Statutes] shall not apply to the members of any society or association formed in pursuance of this act.[1]

This bill, known as the Conspiracy Bill, was presented in the session of 1869, and killed in committee of the senate after having been passed by the assembly. Although nothing was accomplished in 1869, the fact that at the very next session the provision in Chapter 19, which has been referred to above, was passed, indicates that the action of the labor organizations had more influence than at first appeared.

[1] *Workingmen's Assembly*, *Proceedings*, 1869.

CHAPTER VI

JUDICIAL DECISIONS—THE RIGHT TO STRIKE—BEFORE 1890

THE earliest reported decision bearing on this subject was not in New York state, but it was a case which had some influence on later decisions. The case was that of the boot and shoe makers of Philadelphia, tried in the mayor's court in that city in 1806.[1] The conclusions to which the court comes may be stated briefly as follows: "A combination of workmen to raise their wages may be considered in a two-fold point of view; one is to benefit themselves, the other is to injure those who do not join their society. The rule of law condemns both."

The next case of importance was in 1809 in New York state.[2] The case was an indictment found against the journeymen cordwainers of New York. This case charged "a conspiracy with the features of an unlawful club, rules and by-laws; refusal to work or to let others work; threats and conspiracy to prejudice and impoverish by indirect means master shoemakers, and to hinder workmen who had broken their rules from following

[1] The pamphlet containing a report of this case (*The Trial of the Boot and Shoe Makers of Philadelphia*, Phila., 1806) is very scarce, but a very full account of the case is given in Wright, *The Law of Criminal Conspiracies*, p. 145.

[2] Case of the Journeymen Cordwainers of the City of New York. *Select Cases Adjudged in the Courts of the State of New York*, vol. i, p. 111. Printed and published by Isaac Riley, 1811. Also, People *v.* Melvin, 2 Wheeler Cr. Cases, 262. The quotation is from the summary in Wright, *Law of Criminal Conspiracies*, p. 149.

their art." As this is the earliest recorded case in New York state, it is of historical interest, but as illustrating principles it was not important. The mayor charged the jury in this case as follows:

There were two points of view in which the offence of a conspiracy might be considered; the one where there existed a combination to do an act unlawful in itself, to the prejudice of other persons; the other where the act done, or the object of it, was not unlawful, but unlawful means were used to accomplish it. As to the first, there would be no doubt that a combination to do an unlawful act was a conspiracy. The second depended on the common principle, that the goodness of the end would not justify improper means to obtain it. . . . The court did not mean to say, nor did the facts in the case require them to decide, whether an agreement not to work except for certain wages would amount to this offence, without any unlawful means taken to enforce it. . . . When the society determined on any measure, it found no difficulty in carrying it into execution. If its ordinary functions failed, it enforced obedience by decreeing what was called a strike against a particular shop that had transgressed, or a general turn-out against all the shops in the city. These steps were generally decisive, and compelled submission in all concerned. Whatever might be the motives of the defendants, or their object, the means thus employed were arbitrary and unlawful, and their having been directed against several individuals in the present case, it was brought, in the opinion of the court, within one of the descriptions of the offence which had been given.

Although this case did not decide definitely that a combination of workmen was necessarily a conspiracy, it did hold that a strike was unlawful.

The next important case was People *v.* Trequier in 1823. In this case the defendants were accused of con-

spiring to refuse to work for any master hatter "who had in his service any workmen or journeymen engaged in the said art who had not agreed to certain rules adopted by" the defendants. The evidence in this case showed that the master hatters of the city had had a meeting to agree to reduce wages. To counteract this agreement among employers the journeymen had formed a society, and had agreed not to work under a certain price. It was shown that the defendants had objected to work "severally at different times, but at one time at least they all together objected to work." The defendants offered to prove a conspiracy among the master hatters not to employ any journeyman who left his last place on account of wages in order to prove that the meeting of the journeymen was for a lawful purpose. The evidence was not allowed. The defendants also contended that the case was not unlike an earlier agreement of grocers and others not to purchase goods of auctioneers. In the decision of the court the following definition of conspiracy was stated as fundamental: "An agreement or combination between two or more persons to do an unlawful act or to accomplish a purpose lawful in itself by means that are criminal or unlawful." The meeting of grocers was for a lawful purpose—for the general advantage of the community. The case before the court was held to show conspiracy to be against the prosecutor alone, and resulted in forcing him from his shop and from his business. Referring to the association of masters, the court held that "one conspiracy cannot justify another." The jury, being thus charged, decided against the defendants.

At the end of this case is appended a note which gives a summary of the cases on conspiracy:

The law relating to conspiracy has undergone a great alteration within a few centuries past. It was taken formerly in a more confined and limited extent than it is at present. The most usual method [against conspiracy] is now by indictment and is a most extensive remedy, embracing almost every possible case of combination.

A variety of illustrations of conspiracy are then cited, among which are the following:

Journeymen confederating and refusing to work unless for certain wages may be indicted for a conspiracy. . . . The offence consists in the conspiracy and not in the refusal, and all conspiracies are illegal though the subject matter of them may be lawful. Journeymen may each singly refuse to work, but if they refuse by preconcert or association they may be indicted for conspiracy. If several go to the theatre by previous agreement to hiss an actor or cry down a play they are guilty of conspiracy. A combination and agreement between . . . officers to resign is unlawful. A combination to raise the price by false rumors is indictable. In conspiracy the crime is completed by the unlawful agreement. No positive or direct evidence need be given of the fact of conspiring but may be inferred from the circumstances of the case. The gist of a conspiracy is the unlawful confederacy and the offence is completed when the confederacy is made, and any act done in pursuit of it is no constituent part of the offence. An indictment for a conspiracy to the prejudice of people generally without naming an individual can be supported. It is unnecessary for a prosecution for a conspiracy to show that any step was taken by the conspirators or either of them towards the consummation of the act agreed to be done. It is sufficient if an agreement to do some unlawful or immoral act existed.

In connection with each of these statements, cases are cited or authorities quoted in evidence of the principle.

The statements show the status of court law on conspiracy as late as 1823. Although many of the cases are English cases, yet the connection between the New York courts and English law is so intimate that they are in substance a part of the court law of the state. People *v.* Trequier was the last case of importance before the New York courts previous to the revision of the statutes.

In 1835 came the first case based upon the new law relating to trade and commerce.[1] It was a leading case and has often been cited in cases involving a similar principle. It was charged that journeymen had united in "an unlawful club and combination" to prevent journeymen bootmakers in Geneva from working below certain rates "prescribed by the defendants" "to the great injury of the trade of the state of New York." A fine of ten dollars was imposed by the organization on any one who made a pair of coarse shoes for less than one dollar, and the defendants refused to work for any master employing such journeymen. One Pennock made shoes for one Lum in Geneva for seventy-five cents and refused to pay the fine, consequently the journeymen refused to work for any one employing Pennock. The decision of the court after quoting the law of conspiracy from the revised statutes raised the question: Is a conspiracy to raise wages an act injurious to trade and commerce? This is the essence of the case, for the mere raising of wages is in itself no offense. An agreement, held the court, among journeymen to raise wages is a matter of public concern. Common law holds it indictable by English legal adjudications. Continuing the development of the argument, the justice next entered upon a discussion of the economics involved in the question:

[1] People *v.* Fisher.

Whatever disputes may exist among political economists upon the point, I think there can be no doubt, in a legal sense, but what the wages of labor compose a material portion of the value of manufactured articles. The products of mechanical labor compose a large proportion of the materials with which trade is carried on. . . . If journeymen bootmakers, by extravagant demands for wages, so enhance the price for boots made in Geneva, for instance, that boots made elsewhere, in Auburn, for example, can be sold cheaper, is not such an act injurious to trade? It is surely so to the trade of Geneva in that particular article, and that, I apprehend, is all that is necessary to bring the offence within the statute. It is important to the best interests of society that the price of labor be left to regulate itself, or rather be limited by the demand for it. Combinations and confederacies to enhance or reduce the prices of labor, or of any articles of trade or commerce, are injurious. They may be oppressive by compelling the public to give more for an article of necessity or of convenience than it is worth, or, on the other hand, of compelling the labor of the mechanic for less than its value.

Demand and supply will properly regulate wages as well as the price of articles, but, "the right does not exist either to enhance the price of the article, or the wages of the mechanic, by any forced or artificial means." A laborer "may say that he will not make coarse boots for less than one dollar per pair, but he has no right to say that no other mechanic shall make them for less," any more than a cloth merchant may dictate the price of the cloth another has to sell.

If one individual does not possess such a right over the conduct of another, no number of individuals can possess such a right. All combinations, therefore, to effect such an object are injurious, not only to the individual particularly oppressed but to the public at large. In the present case an

industrious man was driven out of employment by the unlawful measures pursued by the defendants, and an injury done to the community by diminishing the quantity of productive labor and of internal trade. In so far as the individual sustains an injury, the remedy by indictment is taken away by our Revised Statutes, and the sufferer is left to his action on the case, but in so far as the public are concerned, in the embarrassment of trade by the discouragement of industry, the defendants are liable to punishment by indictment.

The decision then argued that if combinations are legal in Geneva, they are so in every other place, and if a limit may be put at one dollar, it may be put at ten dollars or fifty dollars, and "no man can wear a pair of boots without giving such price as the journeymen bootmakers may choose to require. This I apprehend would be a monopoly of the most odious kind." What one trade may do, all trades may do, leading to "derangement and confusion," which is unquestionably "injurious to trade." While no great danger is imminent, yet, if when "universally or even generally entered into they would be prejudicial to trade and to the public, they are wrong in each particular case."

The truth is that industry requires no such means to support it. Competition is the life of trade. If defendants cannot make coarse boots for less than one dollar per pair, let them refuse to do so; but let them not directly or indirectly undertake to say that others shall not do the work for a less price. . . . The interference of the defendants was unlawful; its tendency is not only to individual oppression, but to public inconvenience and embarrassment.

The next important case was Master Stevedores' Association *v.* Walsh, 1867. This case is of importance for

more reasons than one. It makes a careful study of previous cases and the authorities cited by them. It is comprehensive in its view, showing a clear understanding of the social problems involved. Further, it shows an appreciation of the importance of organizations of laborers and their possibilities when well conducted. A corporation, the Master Stevedores' Association, adopted a by-law that there should be no variation from the prices established by the association, and that any member found guilty of working for less than the fixed price should forfeit to the association twenty-five per cent of the wages. This forfeit was to be collectible in the name of the corporation by due process of law. The defendant in the case had subscribed to this agreement in joining the association, and had worked in violation of the above-cited rule. He was fined one hundred and twenty-five dollars, and action was brought for its recovery. The demurrer was that the by-law was illegal because the object designed to be effected was one forbidden by law. People *v.* Fisher was the leading case relied upon, the principles of which have already been referred to. This case was examined fully by the court, and the justice declined to accept it as conclusive even on the principle involved in that case. A very full review was made in the written decision. First, the distinguishing features of each case were pointed out and contrasted. Even admitting that the principle involved was the same, the court differed with the line of reasoning which People *v.* Fisher adopted. After summing up the case, the court commented as follows:

Much of what is here said is undoubtedly right and it is forcibly put. Many of the reasons were applicable to the case before the court, which was correctly determined in accord-

ance with the adjudged cases. The objection, however, is, that some of the propositions stated are not tenable, and that there is an omission throughout, to distinguish between what is entirely lawful for either journeymen or master workmen to do in their collective capacity, upon the subject of wages, and those unlawful combinations where the object is to control the rate of wages by the use of coercive means. It is not, nor has it ever been, a rule of the common law that any mutual agreement among journeymen for the purpose of raising their wages, is an indictable offence, or that they are guilty of a conspiracy if, by preconcert or arrangement, they refuse to work unless they receive an advance of wages.

The citations made by People *v.* Fisher were held to be unreliable; based on English statutes regulating wages; not applicable to American colonial conditions, and therefore not a part of the colonial law adopted by the state in 1777. In 1821 Chief Justice Gibson had declared that "it had never been decided in England that it was unlawful for journeymen to agree that they would not work, except for certain wages, or for master workmen to agree that they would not employ any journeymen, except at certain rates." The court then stated: "In corroboration of the statement of this very accurate and eminent jurist, I would add that I have examined down to the present time, and found no case, either in this country or in England, in which any such decision has been rendered." Such reference as has been made in previous cases the court held to have been made

simply by way of illustration, as there was no such question in the case, and was evidently made without examination, as no authorities are referred to. . . . In the New York Cordwainers' Case, after an elaborate argument of the question, the court declared that they would not say that an agreement not to work except for certain wages would amount to a con-

spiracy, without unlawful means were resorted to, to enforce it. This case was tried in this city [New York] in 1809. Judge Radcliffe, an eminent judge of the Supreme Court, was on the bench, having associated with him another distinguished judge, Josiah Hoffman, and their united opinion upon such a question, after it had been learnedly discussed before them by four of the ablest counsel then in this state . . . is entitled to more consideration than the opinion, expressed by way of illustration, by Justice Gross, or the passing observation of Recorder Levy.

After examining the opinions of the courts in New York, Pennsylvania and Massachusetts, the case next considered the English opinion:

The distinction [made by the English statute] between the legality of associations among workmen for the protection of their interests, by agreeing as a body not to work below certain prices, and illegal combination formed for the purpose of making it compulsory upon all the journeymen in a particular branch of business, and upon the employers to conform to certain prices by imposing penalties upon the journeymen in a city or town who refuse to do so, or by agreeing as a body not to work for any employer who will employ such a journeyman, or one who will not pay the penalty or become a member of the combination, or who seeks to accomplish such a purpose by violence, intimidation, or other unlawful means, is one that has been slowly arrived at in England, and toward which the courts in this country have been gradually approximating, for the reason that it has its foundation in the plainest principles of justice.

This condition, in the justice's opinion, gives rise to no apprehensions that employers will be at the mercy of their workmen. The history of English legislation shows that arbitrary control of the price of labor is futile, and the same must inevitably be the result in this country.

The truth of this was then pointed out by a more extended course of reasoning.

In summing up the previous cases, the judge concluded:

It may, therefore, be laid down as the result of this examination, that it is lawful for any number of journeymen or of master workmen to agree, on the one part that they will not work below certain rates, or on the other that they will not pay above certain prices; but that any association or combination for the purpose of compelling journeymen or employers to conform to any rule, regulation, or agreement fixing the rate of wages to which they are not parties, by the imposition of penalties, by agreeing to quit the service of any employer who employs a journeyman below certain rates, unless the journeyman pays the penalty imposed by the combination, or by menaces, threats or intimidations, violence, or other unlawful means, is a conspiracy for which the parties entering into it may be indicted.

This rule was the outgrowth of a long series of cases, and was set forth for the first time as concluding a comprehensive examination of previous decisions.

In 1880, a warning note was sounded regarding the application of the law of 1870. Referring to this law the court held:

This statute does not permit an association, or trades union so-called, or any body of men in the aggregate, to do any act which each one of such persons in his individual capacity and acting independently had not a right to do before the act was passed. This act does not shield a person from liability for his action in intimidating or coercing a fellow-laborer so that he shall leave his employer's service.[1]

In considering how far the law of 1828 had been modified by the statute of 1870, Judge Barrett said:

[1] Johnston Harvesting Company *v.* Meinhardt.

Formerly a conspiracy of working men to raise the rate of wages was criminally condemned as an act injurious to trade or commerce. But now it has been legislatively decreed that the orderly and peaceable assembling or co-operation of persons employed in any calling, trade or handicraft, for the purpose of obtaining an advance in the rate of wages and compensation, or of maintaining such rate, is not a conspiracy. This is what laboring men may lawfully do. What they may not do is to combine together for the purpose of preventing other people from working at prices to suit themselves.[1]

In another part of the same case this judge said:

A number of men may combine together to obtain larger wages for themselves in any employment. They may stop working if the employer unjustly refuses to accede to their just demands. So far they are right. They may also do their utmost, by speech, writing, suasion, appeal, and in any other lawful way, to persuade their fellow workingmen not to fill their places, nor to aid the employer in his unjust attitude. But the very moment that other men, disregarding all appeals and entreaties, find it to their own interest to fill the vacant places, they may not be stopped by violence, threats or intimidation. The moment workingmen resort to violence to prevent their brethren from filling the vacant places, the combination becomes criminal, and organized labor becomes organized law-breaking.

In 1886 this principle was carried still further.[2] The mere fact that no violence was used was not conclusive. It was not even necessary that there should be a direct threat. It was sufficient if the jury believed that the attitude actually presented by the distributers of the circulars by those who were defendants in the suit

[1] People *v.* Wilzig.

[2] People *v.* Kostka.

was one of intimidation, either to passers-by or to the proprietor of the business.

An important step was taken in 1887 in People *ex rel.* Gill *v.* Smith. This case admitted the legality of a peaceful strike entered upon to affect wages, but

where there is no relation, direct or indirect, between the rate of wages and a strike, the combination which brings the latter about for unlawful purposes is a criminal conspiracy. The unlawful purpose of a strike may be evidenced by force, threats or intimidation to prevent another from exercising a lawful trade or calling.

If any arbitrary date can be fixed for the change at all, it may be said that 1885–1890 marks the change from the appeal for conviction for conspiracy to the appeal for the granting of an injunction. Before considering cases that have been before the courts since 1890, a summary may be made of the cases decided previous to that date. It cannot be done better than in the words of Carson:[1]

The result of all the cases, ignoring matters of detail or special circumstances, appears to be as follows: Workmen may combine lawfully for their own protection and common benefit, for the advancement of their own interests, for the development of skill in their trade, or to prevent overcrowding therein, or to encourage those belonging to their trade to enter their guild; for the purpose of raising their wages or to secure a benefit which they can claim by law. The moment, however, that they proceed by threats, intimidation, violence, obstruction, or molestation, in order to secure their ends; or where their object be to impoverish third persons, or to extort money from their employers, or to ruin their business, or to encourage strikes or breaches of contract among others, or to restrict the freedom of others for the purpose of com-

[1] Wright, *Law of Criminal Conspiracies*, p. 178.

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pelling employers to conform to their views, or to attempt to enforce rules upon those not members of their association, they render themselves liable to indictment. The rights of workmen are conceded, but the exercise of free-will and freedom of action within the limits of the law is also secured equally to the masters.

To this may be added the statement from Wharton, to the effect that, in case of no statute regulating the question "the day is passed when either in England or in the United States a court is justified in pronouncing indictable a combination of laborers agreeing in furtherance of this combination only to work at prices fixed by themselves."[1] Two reasons are assigned for this attitude: (1) The liberty of the laborer to adjust his business relations depending on the consent of the parties influenced by the conditions of the market can not be limited nor interfered with. (2) Any principle which could prevent the combination of employees would also prevent combinations of capital.

Thus, it appears that before 1890 it had been pretty definitely determined that an organized strike, if peaceable and for a lawful purpose, was not a conspiracy. This does not mean, however, that the question of the right to strike was settled. No sooner had the law been developed, as traced above, than new cases arose involving new questions. The decisions in these cases and the law developed by them will be the subject of the next chapter.

[1] *Criminal Law*, vol. ii, § 1366.

CHAPTER VII

JUDICIAL DECISIONS—THE RIGHT TO STRIKE—SINCE 1890

DURING the last decade of the past century a change took place in the nature of the questions presented to the courts. Previous to that time cases had for the most part been decided on the basis of the law of conspiracy. Since then applications for injunction have been the general rule. In regard to the law as determined by the courts up to that time, it may be said that in general the right to strike was limited to demands for better wages or improved conditions of labor. A series of struggles has come prominently before the courts within the last few years, in which has been involved the contention that a strike to accomplish purposes other than those above mentioned was also lawful. The main controversy has been to determine for what other purposes a strike might lawfully be conducted.

There have been three leading cases involving an interpretation of the law during this period. In order to compare them a brief review of each will be necessary. The first case was Curran *v.* Galen (1893–97). This has been cited frequently as an authority in connection with later cases involving a similar issue. The case itself was based upon the following facts: A laborers' association made an agreement with a Brewery Workingmen's Local Assembly of the Knights of Labor to the effect that all employees "shall be members of the Brewery Workingmen's Local Assembly No. ——, Knights of

Labor, and that no employee shall work for a longer period than four weeks without becoming a member." In accordance with this agreement the plaintiff in the case was discharged. He then brought action charging the defendants with conspiracy to injure him in his business and character and to prevent his obtaining employment; and furthermore demanded damages. The case was presented first to the special term of the supreme court, was carried to the appellate division, and from there to the court of appeals. The supreme court decided in favor of the plaintiff. They admitted that the defendants had a right to organize, but denied that they had a right to insist that others should join their organization, since this involved an interference with personal liberty to an extent not countenanced by law. The decision was further based on section 171 A of the penal code which makes it a misdemeanor for an employer to require as a condition of a person's entering or remaining in his employ that he shall not become a member of any labor organization. The spirit of this section was undoubtedly violated. This decision, then, sustained the plaintiff on two grounds; first, it "contravenes one of the fundamental principles of our free institutions," secondly, "it likewise violates the spirit if not the letter of a statute of this state." The court of appeals in reviewing this decision admits in the first place that it is "proper and praiseworthy" for members of society to unite to achieve that which they cannot achieve by themselves. Yet the social principle which justifies such organizations is departed from when they extend their operations so as to intend to accomplish injury to others. "If the purpose of an organization or combination of workingmen be to hamper, or to restrict, that freedom and . . . to coerce other workingmen to

become members of the organization . . . under the penalty of the loss of their position . . . then that purpose seems clearly unlawful." The effectuation of such a purpose is held to conflict with "public policy." The case concludes as follows: "So far as the purpose appears . . . it is in effect a threat to keep persons from working at that particular trade and to procure their dismissal from employment."

The next case of importance was Davis *v.* United Engineers (1898). This case has also been cited very frequently. The case was brought in the appellate division on appeal. It was a case in which an engineer through the demands of an organization was deprived of employment in order that his place might be filled by a member of the organization. It was shown that the employer did not engage the plaintiff permanently, but was in the habit of sending for him when he could not secure a union man to do necessary work. As soon as a regular union man in good standing could be employed the plaintiff was immediately discharged. This was the fact upon which the decision hinged. The court held that "the plaintiff failed in establishing that his discharge was the result of a design on the part of the defendants, under any and all circumstances, to exclude him from making his livelihood." In this case again the right of laborers to organize in trade unions was admitted. It was further admitted that they have a right to refuse to work with persons who do not belong to their organization, and "whether they say it themselves or through their organized societies it makes no difference." Had it been shown in evidence that the plaintiff was a permanent employee, and that he was deprived of work "under any and all circumstances," the decision might have been in his favor.

The third important case involving this question, and the last one of prime importance decided by the courts of this state, was National Protective Association *v.* Cumming (1899–1902). This case was first tried before a special term of the supreme court, where an injunction was granted. It was carried to the appellate division, where the injunction was vacated. It was then appealed to the court of appeals. There the decision of the appellate division was sustained. It was a case between two rival labor organizations. One of the organizations held examinations for applicants. These examinations were tried by an applicant, who failed to pass them. Consequently he was not admitted to the union. He thereupon organized another union of the same trade and secured work. The first union then informed the employers that the members of the second union must be discharged or the business would be tied up. The discharges were accordingly made, and on this ground the matter was brought into the courts. The grounds on which the supreme court granted the injunction were those of Curran *v.* Galen, and the decision took particular pains to point out the difference between that case and Davis *v.* United Engineers, emphasizing especially the temporary character of the employment of the plaintiff in the latter case. The decision rendered by the court of appeals, reversing that of the lower court, was a long one, which entered fully into a discussion of the principles involved. Aside from the prevailing opinion, one other concurring opinion was written and one lengthy dissenting opinion. The opinion of the majority, delivered by the chief justice, ran as follows: First, the fact that an examination was required for admission into the defendant organization was significant. It was especially so in the present state of the law of liability of employers,

for no adequate protection was then granted to an employee who was injured through the carelessness of a fellow-laborer. On this ground it seemed reasonable to hold that an organization which required each of its members to pass an examination showing efficiency was justified in refusing to work with a fellow-laborer who had failed to pass such an examination. At this point a statement in the dissenting opinion to the effect that an employee has no right to dictate to his employers how they shall carry on their business and whom they shall or shall not employ was questioned, on the ground that an employee has a right to require of an employer that he shall employ only persons with whom it is safe to work.

The decision next turned to broader considerations. It started from the same general principles that were stated in the dissenting opinion, but it applied them in a different way. This statement of common ground was as follows:

> It is not the duty of one man to work for another unless he has agreed to, and if he has so agreed, but for no fixed period, either may end the contract when he chooses. The one may work or refuse to work, at will, and the other may hire or discharge at will. . . . Whatever one man may do alone he may do in combination with others, provided they have no unlawful object in view. Mere numbers do not ordinarily affect the quality of the act. . . . They have the right to strike . . . . provided the object is not to gratify malice or to inflict injury upon others but to secure better terms of employment for themselves. A peaceable and orderly strike, not to harm others, but to improve their own condition, is not a violation of law.

After admitting the validity of this principle, the chief

justice went on to argue that one may refuse to work on any grounds deemed sufficient to himself. The employer has no right to demand a reason. If the reason is given, whatever it may be, it does not affect the right to stop work. This also applies to a body of men. It is their legal right to stop. Their reason cannot in law be demanded, but if they elect to state a reason, their right to stop is not cut off because the reason seems inadequate or selfish to the employer or to organized society. A desire to obtain higher wages, shorter hours or improved conditions does not include all the grounds which will justify strikes.

The enumeration is illustrative rather than comprehensive, for the object of such an organization is to benefit all its members, and it is their right to strike, if need be, in order to secure any lawful benefit to the several members of the organization, as, for instance, to secure the re-employment of a member they regard as having been improperly discharged and to secure from an employer of a number of them employment for other members of their organization who may be out of employment, although the effect will be to cause the discharge of other employes who are not members.

Such an object cannot in the absence of evidence be interpreted as malice or desire to inflict injury upon others. On the question of motive, the opinion dissented from the proposition that a strike is lawful when its purpose is to help its members, and unlawful when merely to injure non-members. However, admitting the distinction in the refusal to work with non-members, the purpose must be assumed to be self-benefit unless positive proof is adduced to the contrary. It is only where the sole purpose is to do injury that the act becomes illegal. In threatening to strike, the defendants only threatened to

do what they had a legal right to do. A threat is simply the giving of information; a simple notification of a determination to cease work. The foregoing line of reasoning was then applied to the facts of the particular case with the conclusion that the injunction should be vacated.

The minority opinion in this case was not so long, and its reasoning was more nearly along the line of the reasoning in previous cases, especially in Curran *v.* Galen. After laying down the first general principle which has been quoted above, the minority opinion held further: "They have no right, however, through the exercise of coercion to prevent others from working. When persuasion ends and pressure begins, the law is violated, for that is a trespass upon the rights of others, and is expressly forbidden by statute." The fact that force, threat or intimidation is unlawful is fully emphasized in this opinion. Moreover,

> a combination of workmen to secure a lawful benefit to themselves should be distinguished from one to injure other workmen in their trade. . . . Competition in the labor market is lawful, but a combination to shut workmen out of the market altogether is unlawful. One set of laborers, whether organized or not, has no right to drive another set out of business or prevent them from working for any person upon any terms satisfactory to themselves. . . . Depriving a mechanic of employment by unfair means is the same in principle as depriving a tradesman of a customer by unfair means, which has always been held a violation of law.

The object of the defendants in conducting this strike was held by the minority opinion to be evil, for it was not to compete for employment by fair means, but to exclude rivals from employment altogether by unfair means.

This was in violation of the principle that all men must have an equal chance to live by their own labor. In allowing one labor union to seize all the chances by compelling employers to accede to their demands, the motive was to force men who had learned a trade to abandon it. The answer to this line of reasoning has already been stated in the report of the prevailing opinion.

In summing up this case it may be stated again in the words of the court what the case actually decided. By a vote of four to three it held that

> a labor union may refuse to permit its members to work with fellow-servants who are members of a rival organization, may notify the employer to that effect, and that a strike will be ordered unless such servants are discharged, where its action is based upon a proper motive, such as a purpose to secure only the employment of efficient and approved workmen or to secure an exclusive preference of employment to its members on their own terms and conditions; provided that no force is employed and no unlawful act is committed. If under such circumstances the employes objected to are discharged, neither they nor the organization of which they are members have a right to action against the union or its members.

In addition to these three leading cases may be noted one or two others of secondary importance. They show the attitude of the court toward the use of force. A case was decided by the appellate division after its decision in National Protective Association *v.* Cumming, but before that case reached the court of appeals. A printer sued to recover damages for a discharge caused through a strike by the union. He had been urged to join the Typographical Union, but as he was already a member of a Machinists' Union he refused. The employer had discharged him, as was shown upon evidence,

in order to avoid a strike. The jury was instructed by the court after the trial to fix the amount of damages, and consequently damages were awarded. The appellate division reversed this decision on the same grounds that it had taken in the National Protective Association case.[1] This case later reached the court of appeals on grant of a new trial, and was decided (1904) in accordance with the National Protective Association case.

In another case the finding of the court was expressed in the following language:

> The case presented involves no more than refusal to work with members of the plaintiff association. . . . . This does not amount to a conspiracy to prevent an employment under all circumstances, and in the absence of intimidation or of false statements as to the character of the laborers affected, the case discloses nothing unlawful in the attitude assumed by the defendants.[2]

The courts still insist, however, that all strikes shall be free from violence or force. In 1901 an injunction was granted against strikers. On appeal it was vacated because similar to the National Protective Association case. The appellate division, however, granted the injunction, stating that the National Protective Association case was no authority for resort to fraud, intimidation, force or threats. The union had been guilty of acts which were unlawful and unauthorized for the protection of any rights of which they were themselves possessed.[3] The same position was taken again in 1903.[4]

In the same year in a Monroe county case the court

[1] Wunch *v.* Shankland.

[2] Reform Club *v.* Laborers' Union.

[3] Beattie *v.* Callanan.

[4] Master Horseshoers' Protective Association *v.* Quinlivan.

made a distinction between lawful striking and picketing and unlawful war upon employers. The judge held to the law of the last-mentioned case, but found that the facts did not bring the case within that legal definition. Men may refuse to work with non-union men, but they may not compel a man to join an association by threatening to "utilize the entire power and enginery of the association to turn custom away from and promote hostility toward any one who dares to employ him as a punishment for giving him work." If they do this, they are "guilty of the crime of conspiracy to prevent another from filling his lawful occupation."

Closely related to cases involving the right to strike for any reason appearing to the striker as sufficient, is a line of decisions that define rather carefully the means that are lawful for strikers and their sympathizers to use in support of a strike. The most frequent of these auxiliary methods are picketing, boycotting, including the distribution of circulars urging the boycott, and the various means of deterring others from taking the strikers' places, such as arguments, inducements, threats, intimidation, coercion and the like.

Sleicher *v.* Grogan was a case in which employees had struck to secure higher wages and to unionize a foundry. After attempting unsuccessfully to keep the establishment running, the employers finally applied for an injunction to restrain the defendants from interfering with their rights. The court said:

The grounds on which this injunction is asked are briefly as follows: to prevent the defendants from interfering with the employes of the plaintiff; to prevent the defendants from loitering or lingering in or about the plaintiffs' premises with

[1] People *v.* McFarlin.

the view or purpose of interfering with or stopping the plaintiffs' business, and to prevent the defendants from interfering with the plaintiffs in the lawful prosecution of their trade or business.

The defendants were enjoined. An appeal was made, but did not come before a higher court until after the strike had been settled. The higher court, therefore, made no decision on the real case at issue, but vacated the injunction on the ground that it was no longer needed.

A case of wide general interest was the boycott of the New York *Sun* in 1899–1900. This boycott attended upon a strike against the decision of the management to open the printing rooms to non-union men. In the decision rendered in answer to the request for an injunction, the special term of the supreme court went further in the injunction than the appellate division would go in its review of the case. The judge in special term first reviewed the principle involved in Curran *v.* Galen, and in its application stated that

the defendants have in this case so conducted themselves as to come to some degree within this prohibition. It does not matter that their conduct has been self-contained and orderly; that they have resorted to no violence, nor even threatened any; that they have, in short, acted like intelligent capable men. . . . . Neither does it matter whether they have, as they claim, great and sufficient provocation for their strike.

Even assuming that the plaintiff was at fault and that defendants had just grounds for complaint, and further, that they have not carried on their contest in a blind spirit of resentment, but on the contrary, have directed their efforts in a rational manner, "notwithstanding all

this, the fact remains that the law does not permit such warfare by such methods, whatever the provocation." The injunction was indeed a sweeping one. It enjoined the defendants from advising or requesting either by oral communication, by letters, or by printed circulars the advertising customers or persons who might become so to refrain from advertising in the paper; from resorting to any species of threats, intimidation, force or fraud to accomplish such purpose, or inducing other persons to do so; from preventing any person from selling the said newspapers; from picketing the establishment of the plaintiff for the purpose of intercepting its employees and inducing them to quit the employment of the plaintiff. A final paragraph of the injunction read as follows: "From in any other manner or by any other means interfering with the property, property rights or business of the plaintiff." This injunction proved too broad for the appellate division. In its revision it inserted in connection with each of the first three paragraphs the statement that the defendants were enjoined from doing any of the acts specified in the injunction, "in such manner as to express or imply a threat, intimidation, coercion, or force," and the final paragraph was stricken out entirely.

In a dispute arising over an issue involving the employment of only union men in a brewery, a strike was called, and the defendants applied for an injunction to prevent the strikers from picketing and using circulars to aid a boycott. The injunction was granted, and upon review by the appellate division was modified. The injunction was first granted enjoining the defendants from distributing certain circulars, or "any circulars whatever, referring to or reflecting upon the plaintiff, its business or its methods of business, or its conduct with relation to its employes or the goods manufactured, sold or delivered

by it, or any part thereof," and furthermore from "congregating or assembling" near the entrances or in the vicinity of the plaintiff's place of business, or the place of business of any of the customers of the plaintiff, for the purpose of coercing such persons from doing business with the employers. After being reviewed by the appellate division, the order contained the following: "Nothing in this order contained shall be construed to prevent the defendants . . . from issuing and distributing the circular set forth in the complaint and injunction order . . . in a peaceable and orderly manner, unaccompanied by threats, violence or intimidation of any kind." Another difference between the two injunctions was that the second order expressly declared that it did not prevent the defendants from "accosting the plaintiff's employes or customers and the patrons of plaintiff's customers in a peaceable, orderly and decent manner for any purpose whatever."[1]

Another case of rather more importance than the one just referred to was Foster *v.* Retail Clerks' Protective Association. This decision made permanent an injunction against illegal picketing. While the court enjoined the union men from obstructing access to the store and interfering with travel in its neighborhood, it nevertheless recognized the right of the sympathizers of the strikers to carry on a peaceful boycott. The strikers were enjoined from entering the premises of the plaintiffs or interrupting their trade; from obstructing access to the store by physical means; from collecting in crowds in front of the store, obstructing travel on the street or sidewalk; from the use of threats with the intent of preventing customers from trading. "It should be remem-

[1] *Department of Labor Bulletin* (N. Y.), vol. iii, p. 145.

bered that to constitute intimidation it is not necessary that there should be any direct threat, still less any actual act of violence. It is enough if the mere attitude assumed by the defendants is intimidating." It developed in the evidence that the defendants were not employees of the plaintiff, nor even members of the union directly concerned. They were working men who were in sympathy with the efforts of the strikers. Their interest was held, therefore, to be "remote and uncertain."

Discussing the question as to whether picketing, apart from the motive, is in itself legal or illegal, the decision stated:

> There is nothing in a mere request not to deal which implies a threat to do an unlawful injury. Whether it does or does not depends on the circumstances in each case—upon exactly what is said and how it is said. Mere picketing, therefore, assuming that it is peaceful, assuming that there is no threat or intimidation, assuming that it is confined to simple persuasion, I do not regard in any sense as unlawful, whatever may be the motive of the picketers.

I may request my family not to trade with A or B for any reason that seems to me good. I have the same right to make the request of relatives or friends, and I have equal right to make the request of strangers by word of mouth or in writing. The place where I make the request is unimportant. "If I make it to one just entering A's store, the loss to A is more obvious, though no greater, than if I make it to an intending customer a mile away." The agreement to picket was then considered, and it was pointed out that the courts differed here also. Some have held that it is unlawful, since the combined efforts of several are more likely to be harmful than the act of one. Others have said that the reason is

based upon the maxim that the injury done by one makes the loss so small that the law will not regard it. The whole theory, said the court, is erroneous. "Two or more persons may agree to do what each one of them may lawfully do," and it therefore seems that mere numbers co-operating in a picket does not make it illegal.

In 1902 the special term denied an injunction which was afterwards upon appeal granted.[1] The injunction was denied on the grounds that no violence was shown to have been done and that where violence is absent the rights of laborers are the same as the rights of other individuals. The decision was unanimously reversed on the ground that acts of violence and also threats or attempts to commit such acts were present, the affidavits in the case disclosing such evidence very clearly. This case is of further interest in that it specified certain acts which the court held to be acts of intimidation or violence. They were such acts as are well calculated

> to occasion fear in the minds of the plaintiffs' present employes, that a continuance in such employment would result in bodily harm. They included threats to "do" these workmen unless they join the strike; to "fight them man to man," to "beat every man that works in that shop;" to "fix" them so that they could never get another position in the United States; to lay for them and blow their heads off; to blow their brains out; to "lick" the men at night if they keep on working for the firm.

Actual violence is also detailed in the affidavits. One case, for example, consists "in the forcible seizure of the person of one of the workmen by the arm and pulling him across the street in an endeavor to prevent him from

[1] Herzog and Erb *v.* Fitzgerald.

entering the plaintiff's premises." These are only a few of the evidences selected from many cited in the case. The denials on the part of the defendants, so far as there were any, consisted in the reiteration of the general assertion that "at no time were any threats, force or intimidation used or attempted to be used," and that what was done was "in a peaceful and lawful way."

The latest important decision bearing on picketing and boycotting was rendered by the appellate division in the latter part of 1904.[1] The justice agreed with the former cases that have been cited upholding the right to picket and boycott, and based his reasoning on the line of argument in the National Protective Association case. The decision analyzed the question more fully than others have done, and pointed out the following distinctions: Picketing may mean the stationing of men "for observation;" or it may mean the stationing of men "to coerce or to threaten, or to intimidate . . . or in some other way to hamper" the business of the employer. In the former case the act is lawful; in the latter case "it may well be said to be unlawful." Similarly, in regard to the boycott a distinction was made. "Captain Boycott has added to our language a substantive and a verb. There is little if any question as to the meaning of the substantive, but there is no commonly accepted definition of the verb." Judge Cooley was quoted to the effect that

> It is a part of every man's civil right that he be left at liberty to refuse business relations with any person whomsoever whether the refusal rests upon reason or is the result of whim, caprice, prejudice or malice. With his reasons, neither the public nor third persons have any concern.

[1] Mills *v.* United States Printing Company.

Following this the justice gave his approval to the statement quoted from Bouvier: "A boycott is not unlawful unless attended with some act which in itself is illegal." The verb "to boycott," continued the justice, "does not necessarily signify that the doers employ violence, intimidation or other unlawful coercive means." On the other hand it may be correctly used to signify "the act of a combination in refusing to have business dealings with another" until he complies with their requirements. When such a combination is formed and held together by argument, persuasion, entreaty, or "by the 'touch of nature,'" and when it accomplishes its purpose "without violence or other unlawful means," but simply by abstention, "I think it cannot be said that 'to boycott' is to offend the law."

Here the development is completed so far as the courts have rendered decisions. Unless the decision last cited is overruled, there must be a careful distinction made as to the means used to enforce the picket and the boycott. Either act, *per se*, is not unlawful. But if unlawful acts attend the picket or the boycott, the unlawful acts themselves are punishable. The line of reasoning is so closely akin to National Protective Association *v.* Cumming that it seems altogether likely that it will stand. Only in case the decision of the court of appeals is reversed is the law likely to be changed in its attitude toward the picket and the boycott.

CHAPTER VIII

DEVELOPMENT OF THE LEGAL RIGHT TO ORGANIZE

An important part of the struggle by which labor organizations have gained their present standing has been the effort to secure the legal right to incorporate. This effort in its earlier stages showed very meager results. At first, as has been pointed out, the organizations were greatly hampered because they were held by the courts to be in restraint of trade and commerce. In 1870 the law was secured giving laborers the right to assemble and to co-operate in order to regulate wages. This was the first positive privilege granted to them. The next year through the efforts of the newly organized Workingmen's Assembly, a law was passed[1] providing for the incorporation of trade unions and societies of workingmen.[2]

This privilege was not without limitation, as unions were to be incorporated only under the act "for the incorporation of benevolent, charitable, scientific and missionary societies." The provisions and restrictions of that act were to apply in all respects. Some of the more important provisions were as follows: The act made the

[1] L., 1871, ch. 875.

[2] In 1792 an act was passed providing for the incorporation of a number of "Mechanicks and Tradesmen" of New York City into the "Society of Mechanicks and Tradesmen of the City of New York." The law authorized this one organization only, which was to exist for a limited number of years, and to be limited strictly to "charitable purposes."

organization a "body politic and corporate," capable of suing and being sued, of holding a limited amount of property "for the purposes of their incorporation and for no other purposes," and of making by-laws consistent with the laws of the state.[1] Thus the matter stood in 1871. A restriction in the law of 1848 had made it impossible for secret societies to be incorporated. The extension of the law in 1871 to include labor organizations indicated that progress had been made by these organizations toward the abandonment of that feature and that some of the prejudice prevailing against them had been thereby allayed.

In spite of the fact that the changes introduced by the law of 1871 were made primarily through the efforts of labor leaders, the latter were not satisfied. The act did not go far enough. Before the convention of 1887 the president of the Workingmen's Assembly stated his regret that "much to our discredit a law for the incorporation of trade unions as such is not yet upon the statute books," and that at present such unions could be incorporated legally only as "benevolent institutions requiring a benevolent clause." The struggle for the right of incorporation continued, but led to no immediate results. In 1887 the legislature passed the amendment to the penal code,[2] which made it a misdemeanor for an employer to require any employee not to join a labor union. This was a step forward but was still insufficient, especially as its provisions were not enforced. Moreover it was not what the leaders had in mind. With the dual cause for discontent—the ability to incorporate only as benevolent societies and the inability to enforce Section

[1] L., 1848, ch. 319.

[2] Sec. 171 A. l., 1887, ch. 688.

171 A of the Penal Code—the leaders continued the agitation. Every means at their command was used, but without the desired success. The question was a legal one involved in technicalities and the advocates of different bills found it difficult to win over the committees of the legislature. At the same time they were without means to employ legal aid. Year after year the question came up and as often came the report at the annual conventions, "measure failed." Yet the attitude of trade-unionists did not change and the words of the chairman of their committee continued to express the unanimous opinion, "The present law is an injustice to labor organizations."

It was not until 1895 that a point was gained. In that year was passed the membership-corporation law.[1] By its provisions a membership corporation could be created "for any lawful purpose." Labor unions were no longer classed as benevolent institutions before the law. The restrictions limiting them were the same as those limiting any other membership corporation.

In the next year another legal victory was won. By the benevolent-orders law[2] any number of trade unions were permitted to unite in forming a corporation to own a hall and collect a library for the use of such unions under the conditions provided in the law. Again in 1898 an advantage was secured. The unions were freed so far as the law could free them from a difficulty with which they had long been contending. A law was passed[3] making it a misdemeanor for any person to represent himself falsely as a member of any organization, or to present to

[1] L., 1895, ch. 559. Gen. Laws, ch. xliii, secs. 30, 31.

[2] L., 1896, ch. 377. Gen. Laws, ch. xliv, sec. 7.

[3] L., 1898, ch. 671.

any convention credentials so representing him, or in any other way to gain admission to a convention through false representations.

At this point ends the effort to secure special legal protection for the union as an organization. In the light of the persistent and protracted struggle for the right of legal incorporation, the number of unions that have availed themselves of the privilege is surprisingly small. The reasons for this fact are not immediately connected with this part of the subject. Yet the fact itself indicates the small practical value to the unions of this privilege. Efforts to strengthen the organizations of labor have gone on unabated, but the means used have not of late years been related directly to the legal side of the question. For this reason their consideration is not within the scope of the present chapter.

CHAPTER IX

JUDICIAL DECISIONS. LEGAL STATUS OF ORGANIZATION.

THE legal status of trade unions has not been determined by statute law alone. The decisions of the courts have had an important influence. The efficiency of an organization depends very largely upon the right of the union to conduct a strike. That legal right has already been discussed. Closely related to it are other matters that concern the organization very intimately, and upon which the courts of the state have rendered decisions. Among these are the right of a union to enforce its by-laws; the right of a member when expelled to secure reinstatement; the right of a union to execute its will through delegates, and the right to form a trade agreement with an employer for the purpose of excluding non-union laborers.

As has been stated, an early obstacle to be overcome was the view of the courts that these associations were combinations in restraint of trade and commerce, and were, therefore, conspiracies. This was the position taken in People *v.* Fisher in 1835. Master Stevedores' Association *v.* Walsh, in 1867, was the first case in which the court recognized that trade unions have a legitimate place in industry and that they are of undoubted advantage when they remain in that place. In this case it was stated specifically as the opinion of the court that an association if voluntary may enforce a by-law, if it is within its power to make such by-law, and may attach a

penalty for the purpose of enforcing it. In 1888 a case arose which caused a division of the court on the question of the right of a union to enforce one of its by-laws.[1] In the charter of the defendant the object of the association was declared to be the cultivation of the art of music in all its branches; the promotion of good feeling and friendly intercourse among the members of the profession; and the relief of such of the members as should be unfortunate. A by-law of the union required every member to refuse to perform in any orchestra or band in which any person was engaged who was not a member of the union. The prevailing opinion took the view that the by-law was not at all designed to accomplish the declared objects of the union—either to promote good feeling or to relieve the unfortunate. Furthermore, the effect of the by-law was to create a closed corporation and to force each member of the profession to become a member also of the union. For these reasons the court declared that the by-law was not enforceable. The dissenting opinion took a different view. There was nothing in the letter of the law to prevent the validity of the rules of the union. The court should not, as a general rule, interfere with the contentions and quarrels of a voluntary association. Those who have grievances should resort first to the remedies for redress provided by the rules and regulations. There was thus presented a difference of opinion which, from the standpoint of legal development, was important. The former view, with its antipathy for closed corporations and its hostility toward any increase in membership, was the older. The latter with its growing sympathy for the organization of labor and the tendency to start the logical chain from

[1] Thomas *v.* Musical Mutual Protective Union.

the hypothesis of the individual right of the employee, was the newer. In it were stated more specifically the ideas that had been advanced in Master Stevedores' Association *v.* Walsh. It was not carried to the court of appeals and is of importance only as presenting clearly the two conflicting opinions. In 1900 the same general question came before the appellate division in a case in which a member had been expelled and had appealed to the courts for reinstatement.[1] In this instance the court held to the rule

> that the constitution and by-laws are the sole rule that governs the relations between the association and its members and that the courts cannot redress any action of the association in expelling or punishing a member when such action has been taken in accordance with the express provisions of the constitution and by-laws.

Here the view of the dissenting opinion in the case last noted was followed and was accepted as the view of the higher court.

A unique case was brought before the courts in 1901 in an attempt to convict a labor organizer as a public nuisance. The organizer was charged with circulating false statements, creating agitation, unrest and dissatisfaction and endeavoring to induce the laboring men to boycott their employers. The court found that the defendant was acting within the law, and after defining a public nuisance, decided that the definition did not include the case at bar.[2] An appeal was taken, but the case was not again brought to trial and was finally dismissed. No like attempt has since been made.

[1] Austin *v.* Dutcher.

[2] Chautauqua County Court, Oct. 12, 1901.

The expulsion of a member from a union because he was a member of the national guard was an episode that attracted much attention in the winter of 1902–3. So far as the legal side of the issue went nothing new was developed. The plaintiff was granted a temporary injunction in December, 1902, against his union, restraining it from enforcing a rule of the by-laws to the effect that a "militiaman, special police officer or deputy marshal in the employ of corporations or individuals during strikes, lockouts or other labor difficulties . . . shall be debarred from membership." In the following February the same justice vacated the injunction. The attempt was made to rest the claim of the plaintiff on the general principle of interference with public defense and the efficiency of the military power, and to make him the "champion of the sovereignty of the state." This the justice would not admit as pertaining to the case. It was found that there were doubts as to the plaintiff's standing in the organization. He had no full membership card, was receiving wages less than the scale set for a full member; in other words, in the opinion of the court, the full membership of the plaintiff was not established beyond a doubt. Obviously, the plaintiff could not "by injunction be reinstated if he never was instated." Since the facts did not show that the plaintiff had been expelled from full membership, the principles of the National Protective Association case were applied, and it was held that the members had a right to refuse to work with the plaintiff. Although the opinion did not state squarely the view of the court relative to the hostility of the unions to the state militia, yet the case aroused a sentiment throughout the state strong enough to secure the enactment of an amendment to the Penal Code. This amendment declared it a misdemeanor for

trade unions to discriminate against members of the national guard because of such membership.[1] Just as the employers have finally succeeded in emasculating section 171 A of the Code, so it is not at all unlikely that the unions, whenever it may be to their interests, may succeed in practically nullifying the force of these two sections. This will be made easier as long as the principles of the National Protective Association case are followed. On the other hand, it is not at all unlikely that the sentiment in favor of a strong national guard may lead the courts to see a different principle involved and to fall back upon "public policy" as a ground on which to uphold the law. This would prevent the direct violation of the statute, yet it might not succeed in dealing successfully with the roundabout means of evasion that may easily be adopted. Especially is this the case if the court of appeals follows its own lead in refusing to consider motives. So long as the law stands, however, it places a definite limitation on the action of trade unions.

Another case bearing on the right to discharge a member came before the courts in 1902 and reached the court of appeals. The plaintiff had been fined by his union. Three months were given in which to pay the fine. The fine was not paid. Two months after the expiration of the period, the fine was offered and was rejected. According to the by-laws the union could only suspend until payment of fine. A *mandamus* was granted compelling the union to accept the fine and restore the plaintiff to membership. He then sued to recover damages for loss of employment during the period between the refusal of the fine and the issuing of the

[1] L., 1903, ch. 349. Penal Code, sec. 171 B, 171 C.

mandamus. The damages were awarded. The case was carried to the court of appeals where the decision was sustained.[1] There was no principle involved in the case other than that a union must live up to its by-laws, and, by inference, that it has no authority not expressed in its objects of incorporation and its rules made in accordance therewith. In another case a number of unionists refused to strike with their organization. They were expelled. They applied for *mandamus* to compel the union to reinstate them. The court decided the expulsion to be legal. The circumstances were peculiar, however, and were given special weight in determining the case. The union had just withdrawn from the Knights of Labor, and the by-laws of the old organization were inoperative. It was during the period in which the new by-laws were being formulated that the strike occurred, and consequently there were no by-laws in force. That condition, in the opinion of the justice, made the union "free to take any such action as it chose in entering on a strike" if consistent with its purposes of organization and if not unlawful. In accordance with National Protective Association *v.* Cumming, the strike was lawful, and it seemed to the justice

> that it was the duty of the plaintiff . . . . to obey its lawful resolutions, and that his refusal to obey the order to strike was sufficient ground for his expulsion. . . . . I cannot well see how the association could maintain its organization unless it punished its members who refuse to obey its lawful resolutions.[2]

Thus while the case was exceptional because of the con-

[1] 170 N. Y. mem. 43.

[2] *Department of Labor Bulletin* (N. Y.), vol. iv, p. 329.

dition of the by-laws, yet the court expressed its opinion that a union may discipline its members.

While from these cases it is quite evident that the courts will sustain the unions in the enforcement of their purposes of organization and the rules and regulations made in accordance with them, it also appears that when these rules and regulations are not followed properly in disciplining a member, the courts are inclined to look with legal disfavor upon the union violating them. The case of Corregan *v.* Hay is a case in point. The plaintiff was accused of making a speech detrimental to the interests of the organization in sufficient degree to afford cause for discipline. He was notified that charges would be preferred against him on a given date. Without "any formal charges having been presented to him or notice of the same in any manner given," the plaintiff was fined fifty dollars and suspended until the fine was paid. Thereupon the plaintiff demanded copies of the charges and of the evidence. Such demand was not regarded, but the plaintiff's employers were notified and the plaintiff was discharged. The court found "that the proceedings . . . and the suspension . . . were irregular. . . . No proper notice was given the plaintiff that the charges were to be preferred against him, and no opportunity was given him to defend himself." As another "conclusion of the law" the court found that "the plaintiff was bound to exhaust his remedies within the organization before appealing to this court for redress." The court concluded, however, that "under these circumstances it was unreasonable to require the plaintiff to prosecute his appeal within the organization as a prerequisite of bringing the action at bar, and that his failure to do so does not prevent his resorting to this court." If this opinion be taken as the law, it appears that the courts

will interfere when the organization does not observe its rules and regulations in dealing with its members. At the same time, however, the opinion is expressed that as a general rule the means afforded by the organization for redress of grievances should first be exhausted.

There is yet a fourth point to consider, one of even greater importance than the foregoing. It pertains to the validity of those clauses of trade agreements by which organizations seek to secure to themselves exclusive employment in their trades. The cases involving this question have not been numerous, and such decisions as have been rendered do not bear directly on the general principle. It is not possible, therefore, to state clearly the law of the courts on the question. The practice of entering into a formal agreement instead of leaving the matter open to the constant possibility of a strike is new, and consequently there are no early cases bearing on the point. Curran *v.* Galen held that although the contract was drawn up for the purpose of avoiding disputes and conflicts, "such an intention cannot . . . legalize a plan of compelling workingmen not in affiliation with the organization to join it at the peril of being deprived of their employment and of the means of making a livelihood." This case, it will be remembered, was decided on the principle that trade unions could not use the means in question in their efforts to secure exclusive employment for their own members. The case came earlier than the National Protective Association case, at a time when the older ideas were still dominant. In 1902 there arose a case which dealt more directly with the question. Its object was to determine whether a union might secure an injunction to compel an employer to fulfill a contract to employ its members only. A second union had threatened to inaugurate a strike on all of the employer's work

unless he dismissed the members of the first union. To avoid having his work tied up the employer discharged the members of the first union and gave their places to members of the second union. The court declined to allow an injunction in the case, holding that the union had the same remedy at law as a discharged employee, namely, an action for damages.[1] There were no cases cited in support of the plaintiff's contention, and when the counsel resorted to reasoning by analogy from other cases, such reasoning failed to convince the court of the propriety of interfering by injunction. In 1903 a case reached the appellate division to determine the validity of an agreement to arbitrate. Here again the case was decided on a point not bearing on the principle, as the claims of the plaintiffs were not based squarely on the agreement. It may be of interest to note the words of the court, though they are not to be taken as in any sense a final statement of law.

> It is not necessary at this time to decide how far this contract was in accord with public policy or how far it was binding upon the defendants. No consideration was expressed and it is apparent that the defendants were coerced into making this agreement . . . . practically as a condition of being permitted to continue their business. Under such circumstances it may be doubted whether the contract had any binding force on the defendants.[2]

There was an intimation in the case that public policy is a factor to be considered, and that should an instance be brought before that court it would be given consideration. Another intimation was that when no considera-

[1] Stone Cleaning and Pointing Union *v.* Russell.

[2] Eden *v.* Silberberg.

tion appears in the agreement, or when it is shown that one of the parties was coerced into making the agreement, it may not be allowed to stand at law as a contract. Within a year after the decision was written, such a case did come before the same court. It was a case of a joint agreement to secure the exclusive employment of members of the union. This case is among the most important that have arisen in this connection. It did not settle the question finally by any means, but it dealt more fully with it than any previous case. By the terms of the agreement the firm was to hire only members of the union, and even members were not to be hired without cards testifying to their good standing in the organization. "In view of these provisions . . . . it is plain," said the justice, "that the covenant . . . . is an engagement on the part of the firm to discharge" persons upon receipt of notice that the card is withdrawn. "The combination disclosed is accordingly one the purpose of which is to hamper and restrict freedom of employment . . . . and to coerce all workingmen within the field of its operations to become and to remain members of the contracting organization." Applying the principles of Curran *v.* Galen, the justice said: "Although the question may not be altogether free from doubt, I think the spirit and the reasoning [of that case] condemns this contract as illegal." The court accordingly decided that the agreement was contrary to public policy, three justices concurring. In a dissenting opinion the other two justices united in accepting the reasoning that an agreement might hold good even though it was restrictive, provided it was clearly evident that the purpose was

to secure the best service in the performance of the work which he desires to have done, although the effect of the agreement

is in some respects detrimental to others, as, for example, to those who are not admitted to his service because they do not belong to an organization of working-men whom he deems best fitted to perform the labor which he desires performed.

It was not pleaded that the agreement was to injure others or to hamper their freedom.

In my opinion a contract having the lawful purpose of benefiting the parties thereto by procuring for the employer the most capable workmen, and not involving the exercise of any physical force or restraint or violence is not invalidated because of the possibility or probability that its operation may have a detrimental effect upon the interests of others.

Here again the justices held conflicting opinions. The opinion of the majority was purposely expressed so as not to be final. The opinion of the minority was of course not law in any event, but it also was expressed in an informal way which indicates a doubt as to its finality.[1] It was the same difference of opinion once more that has already been noted; turning on the question of force, motives and individual rights. To show how real this uncertainty is, it is only necessary to point out that soon after the decision just referred to was rendered, the same court held another trade agreement to be legal.[2] This was an agreement to employ only members of certain unions after a fixed date, it being provided that all non-union men then employed in the shop were to be eligible to membership. The justice who wrote the dissenting opinion in the previous case wrote the prevailing opinion in this case. The opinion was unanimously affirmed. The principles of National Protective Association *v.* Cumming prevailed, the court refusing to interfere, since

[1] Jacobs *v.* Cohen. [2] Mills *v.* United States Printing Company.

an employer could refuse to employ any one on any grounds that were satisfactory to himself.

So far, then, as these cases go, the question is still undecided. Curran *v.* Galen and National Protective Association *v.* Cumming still furnish two lines of reasoning, either one of which may be made applicable to a trade agreement that has for its object the exclusive employment of any group of men. The latter, when applied without modification, affirms unqualifiedly the legality of such agreements. The former, when similarly applied, leads to a restriction and even to a declaration that such agreements are illegal. The declaration of illegality can be maintained, as it seems, only on the ground that such an agreement is contrary to public policy. This was the interpretation in Curran *v.* Galen. It has been held by the court of appeals[1] that "parties cannot make a binding contract in violation of law or of public policy." If the court can be convinced that an agreement to secure exclusive employment is clearly contrary to public policy, there is the authority above cited for declaring that contract void. There is the further possibility of showing the contract to be the result of coercion. In that case it would come within the last citation, being a contract in violation of law.

These few cases show that it was the opinion at the outset that such a contract should never be subject to interference through an injunction. Then a contract was held by a divided court to be illegal. Later, by an undivided court one was held to be legal. The question has not reached the court of appeals. The illegality rests on the interpretation of public policy. This is a proposition that can be applied only to particular cases as they arise and no general principle is to be formulated.

[1] Sternaman *v.* Met. Life Ins. Co., 170 N. Y., 13.

CHAPTER X

DISCUSSION OF CASES

THE most cursory review of the decisions during the past fifty years cannot fail to reveal the constantly increasing variety of cases that are brought before the courts. Even during the last decade both the number and variety are strikingly large. Non-union men have sought injunctions against employers and against union men. Unions have moved against rival organizations. Unions have sought to enjoin employers, and employers to enjoin unions. Injunctions have been asked against all phases of the boycott, picketing, and use of circulars. An organizer has been prosecuted as a public nuisance. Citizens have appealed to prevent the monopolization of public work by union labor. Taxpayers have sought *mandamus* to compel public officials to enforce the provisions of the labor law. Union men have sought the aid of courts to secure reinstatement into unions from which they have been discharged. Such are some of the issues that the courts have been called upon to settle, and from them has been gradually developed a body of court-made law which is an important part of the social legislation of the state.

Several reasons exist which tend to make the principles less clear than they might otherwise be, yet from the nature of our court system the difficulty cannot be altogether avoided. Minor points are often given a deciding influence in a case, so that the case is not decided

on any broad principle. This is doubtless necessary. Often again an apparent difference in principle in two cases proves to be only a difference in the value ascribed to some point of evidence or in the circumstances. As, for example, according to Foster *v.* Retail Clerks' Protective Association a request not to deal with a merchant does or does not imply a threat depending "on the circumstances of each case—upon exactly what is said and how it is said." From such cases principles that are applicable to action are not easily deduced since a slight difference in circumstances would prevent a case from being covered by the decision.

The fact that many decisions are reversed, though not so serious an obstacle in the way of one seeking to formulate the principles of the law as developed by the courts, constitutes an element of uncertainty. Cases are on record where the decision of the court of first trial has been reversed by an appellate court and the court of last resort has reversed the appellate court decision, sustaining the first opinion. Sometimes courts of first trial are sustained and at other times not. The dissenting opinion will sometimes quote in support of its position statements made in decisions that have been reversed by higher courts. In one case a strike against non-union men was decided in favor of the plaintiff, one leading case being cited as authority, and the decision was afterwards reversed on the ground that the case cited did not apply, but that another leading case was the proper authority. In general it may be said that the lower courts will follow the older principles; while the newer principles, keeping pace with the social changes, will be announced first by the higher courts. In injunctions also the lower courts have been more willing to

grant sweeping restrictions. These have often been modified materially by courts of appeal.

Still further it is to be noted that the courts hold strictly to the legal phases of the question and do not pronounce upon the broader moral phases except incidentally. They have suggested that there is a broader moral side to the contention and have occasionally hinted that it should have weight, yet after a case has once come into court, they insist that only legal considerations shall have weight. The following quotation is a case in point:

> While I may not commend the course at times pursued by —— —— to secure to the members of the defendant society preference of employment, ... I do not discover that those acts were unlawful or were committed in the accomplishment of an unlawful purpose. . . . If the members were temporarily deprived of occupation by reason of lawful business rivalry, no relief can be had.[1]

This insistence on the doctrine that cases once in court must be settled on strictly legal principles is to be commended. It is true that many considerations not strictly legal should have weight in effecting an adjustment between laborers and their employers. The importance of this is pointed out more fully in another place. But when the entire authority of the state is to be called in to enforce an adjustment, force should be used only in support of such moral ideas as have been adopted by the members of that state as applicable to that society. Those moral standards or ideas which have not yet been given a legal force should not be directly appealed to in court action.

[1] Reform Club of Masons and Laborers *v.* Laborers' Union Protective Society.

At times, however, the courts have turned aside from the main point to give advice or point a moral lesson. Sinsheimer *v.* United Garment Workers was a case where the employers were seeking to enjoin laborers from prosecuting a strike to raise wages. The evidence showed that the employers had themselves formed an association to unite in reducing wages. The same efforts were being made by both sides and nothing illegal was being done by either side. The court pointed out that "it is a familiar principle in equity that the plaintiff must come into court with clean hands." In another case may be found the following:

> These plaintiffs seem to have brought on the trouble by ostentatiously and needlessly posting in their factory a notice that they will not recognize the union. Wiser employers have learned that it is a convenient and useful thing to recognize labor unions and to deal with them. The motion is denied but all the persons concerned should be careful to break no law.

Here the employers were lectured. In People *v.* Wilzig the laborers received the admonition: "Let me give a single word of counsel to those who are combining in trades unions and similar associations of laboring men. Before they appoint an executive committee or even a finance committee, let them appoint a committee on the law."

Passing beyond these relatively minor considerations, an analysis of the cases reveals some important facts in connection with the development of principles. A very important change has taken place in the application of conspiracy to strikes. As is shown by the review of early cases all strikes were at first unlawful, because they were conspiracies. Although the New York Cordwainers' case, in 1809, did not positively assert that an agreement

not to work was a conspiracy, yet it did hold that a strike to force the agreement on the employers was a conspiracy. Conspiracy was defined in the time-honored way, "a combination to do an unlawful act or a lawful act by unlawful means." How this definition could have held the position it has, is difficult to understand; for it seems clear that to do a lawful act by *unlawful means* is simply to do an unlawful act. This would render the person liable to prosecution for the unlawful act, irrespective of whether that act is a means, or whether it is an end in itself. But such a definition seemed necessary since in no other way could the agreement be made the "gist of the crime." Thus, it was necessary to assume that an agreement was unlawful in order to establish its unlawfulness in court. The idea was a part of the general more or less hazy notion of conspiracy, which seems to have been the most indefinite and confused part of the law. Through the several important cases that have been before the courts since 1809 this idea has been materially changed. The agreement not to work except for certain wages was shown never to have been held unlawful either in English or American law. From this has developed the present interpretation. In People *v.* Trequier, when it was established that "on one occasion they all together objected to work," this organized objection was held to be a conspiracy. The first positive step forward was in the Stevedores' Association case, which made positive the implication of People *v.* Fisher that an agreement in itself was legal. Later came a distinction between an agreement among workmen not to work and an agreement to compel other journeymen to refuse to work. The former was held to be lawful, while the latter was unlawful. This distinction was pronounced to be a "step toward reason and justice." As late as 1867 an asso-

ciation to quit the service of an employer who employed journeymen below certain fixed rates was conspiracy. With the statute of 1870 came a further step forward. Yet as late as 1888 a strict-construction view of the law was taken. A strike if peaceful or for better wages or improved conditions of labor was legal; but when there was no relation direct or indirect between the rate of wages or the conditions of labor and the strike, the strike was illegal. Since that date the courts have been emphasizing the rights of individuals, and have come to the position that a strike for any purpose is legal, and that no interference need be expected from the courts unless individual or property rights are interfered with; then the courts will take account of the lawlessness, but not of the strike. Thus the old definition of conspiracy has found its correct interpretation. The unlawful means are treated as any other unlawful acts, and conspiracy has lost its force as a means for combating the movements of organized labor.

While the courts have been very clear in stating that an organization has a right to cease work in a group for any reason whatever, it has been equally clear in insisting that all forms of force, coercion, violence, threats or intimidation must be absent from the strike. As early as 1886 it was held that workmen could urge others not to work if they did not employ violence, threats or intimidation. It is difficult to analyze the cases of the earlier period for the reason that the reports are not so full, and for the further reason that the courts did not attempt so clear a distinction between the strike itself and the use of force or violence to enforce it. Conspiracy was often found when it is not clear whether the strike or the violence was the more important reason for the finding. In 1867 "any attempt by force, threat, intimidation or

other coercive means to control a man" was held to be conspiracy when undertaken by a combination. The distinction has been growing constantly clearer. In 1894 one of the justices stated: "I know of no law which prevents combination . . . as long as the acts of such associates do not infringe upon the provisions of the law."[1] In 1901 an injunction granted by a lower court was held to be too sweeping, and was modified so as not to cover the doing of the acts in a "peaceable and orderly manner unaccompanied by threats, violence or intimidation." On the other hand an injunction was refused a year later by a lower court, and on appeal the higher court granted the injunction restraining especially from "commission of acts of violence and also from threats or attempts to commit such acts." It thus has come to be the settled opinion of the courts that in the absence of force, coercion, violence, threats or intimidation, strikes are not unlawful acts. But where persuasion ends and pressure begins, in efforts to induce laborers to leave work in support of a strike, at that point begins violation of law.

While such is clearly the opinion of the courts, yet it cannot be said to settle the cases finally. The particular acts of strikers and their sympathizers may come within the definition of the terms or they may not. This is a point for the courts to determine in each particular case. No comprehensive definitions of the terms have been formulated. A case in 1902 held that "to constitute intimidation it is not necessary that there should be any direct threat, still less any act of violence. It is enough if the mere attitude assumed by the defendants is intimidating."[2] In 1891 "the obtaining of money from an-

[1] Sinsheimer *v.* United Garment Workers.

[2] Foster *v.* Retail Clerks' Protective Association.

other with his consent induced by a threat that his workmen who had been on strike would not return to work unless the money was paid"[1] did not come within the idea of lawlessness held by the court.

As stated above, the law of conspiracy is seldom, if ever, invoked to control strikers. Its place is taken by the injunction. In granting injunctions the courts follow the same idea as to rights and as to force as are applied under other circumstances. Injunctions are generally not granted except to prevent force, damage or irreparable infringement upon some right.

Another important development in these decisions is the importance attached to the motives of workmen. The difference was early pointed out when, in 1806, it was said that combinations to raise wages may be considered from a twofold point of view: "one is to benefit themselves; the other is to injure those who do not join their society." Both were at that time unlawful. Later a distinction was made. If the motive was to improve the condition of the laborer, it was legal; if it was to preserve unions and displace non-union men, it was illegal. This distinction resulted very directly from the legislation of 1870, which made it legal to unite for certain purposes. The next step was to hold the refusal to work with non-union men to be self-interest and not malice, and, therefore, lawful. The burden of proof was next placed on those endeavoring to prove an unlawful motive, and a strike to secure employment to members could not in the absence of direct evidence be interpreted as malice or a desire to inflict injury. This was next extended to cover all cases of strikes. The distinction was then clearly made between a combination to secure lawful

[1] People *v.* Barondess.

benefit and one to injure other workmen; if not to "gratify malice or inflict injury" the strike is lawful, and it is only when such malice is positively proven that it may be held to be the guiding motive. The next position could only be that a strike was illegal only where the sole purpose was proven to be the doing of injury. From this the last effort to distinguish between motives passed away, and the courts look only at the acts. "I am not willing to hold that a request not to patronize a certain dealer may be legal if made by a person in one state of mind, or holding one relation to him, and illegal in another."[1] National Protective Association *v.* Cumming dissented entirely from the opinion that the legality of a strike depends on motive—lawful when the purpose is to help members, and unlawful when merely to injure non-members. It took the unqualified position that a man may stop work for any reason that seems good to him, and that an organization of men may do the same.

If the courts can succeed in maintaining the position that motives for acts are not to be considered, the doctrine will greatly simplify the entire question, for motives are exceedingly complex, and few acts are ever done from a single motive. The problem of ascertaining what the dominant motive is in any case is at best one uncertain of correct results. Futhermore, it may be urged with some force that so far as possible it should be the province of the courts to pass upon acts and not upon the reasons which prompt them.

Rising in importance above any of the points that have thus far been referred to is the question of the adjustment of "individual rights" and "social rights." In the maintenance of individual rights the courts have been

[1] Foster *v.* Retail Clerks' Protective Association.

very positive in the more recent decisions, though the same can not be said of their earlier decisions. At first their view was highly colored by the prevailing notion that in some way the equality between man and man did not apply when one man was an employer and the other his employee. The notion of the status of the laborer entertained in England in the previous century and brought to this country in spite of the declarations of Fourth-of-July principles had an influence largely unconscious on the minds of the judges during the first decade of the nineteenth century. The terms journeyman, master-workman and others having so much of the flavor of the previous century still retained the implied meaning of the social conditions in which they originated. This influence did not continue long, but it may be found in the earlier cases. It was followed by an application of the ideas of absolute equality and absolute individual liberty—the notion that pervaded all the thought of the major part of the nineteenth century. It was the application of this principle that led the courts to advance along the lines that have been pointed out above. Conspiracy could not live in an atmosphere of individual liberty; only when force was used could the acts of strikers be curbed in such an atmosphere; and finally, it was this atmosphere that first caused an investigation into motives and a distinction between motives, and at last a refusal to consider them as having any weight. But now that these results have been acccomplished, it is beginning faintly to appear that the principle must be modified. While no definite step has been taken, yet it is clear that some such step must be taken in the near future.

Look at some of the statements in court decisions and see how impossible it is to reconcile them on the basis

of individual liberty. The employer has the absolute right to employ or refuse to employ whom he pleases. The employee has the absolute right to work or to refuse to work for whom he pleases. It must follow that an employer can refuse to employ members of any organization; that an employee can refuse to work with members of any rival organization; an employer can insist on employing one organization only; and an employee can refuse to work unless with his organization only. These statements may all be found more than once in court decisions and have the authority of the highest courts of the state. It requires no more than the statement to make clear the inconsistency. A decision that a strike is lawful or that it is unlawful will follow depending on which of the two contrary hypotheses is taken to start with. As has been said, in the early cases the rights of man usually rested with the employer. Starting from this premise, the employer could employ whom he chose and a combined refusal to work with any one whom an employer chose to employ was conspiracy. Curran *v.* Galen started with the same premise (though the old idea that the workman had no rights had disappeared) and reached the conclusion that an organization could not refuse to work with members of another organization if the employer chose to employ them. When, on the other hand, the course of reasoning was started from the premise of the right of the employee as an individual, no other conclusion could possibly be reached than that the employee could refuse to work whenever he saw fit. This dilemma has forced the courts to the conclusion that the law in its present development cannot take account of the essential point, and therefore it declares the absolute right of every one to follow his own wishes and then keeps order by enjoining all parties from unlawful acts.

In the National Protective Association case, the dissenting opinion started with the same general principle with which the prevailing opinion began. The one emphasized the view that the right of one side would be trespassed upon if the case were decided one way and comes to one conclusion. The other concluded that the rights of the other side would be invaded if the case were decided the other way, and comes to the opposite conclusion. To strengthen the position of the dissenting opinion, the use of force was emphasized and made to appear important. In Curran *v.* Galen it was emphasized that one has a perfect right to join an organization, but has no right to insist that others should do so. To deprive one of labor because he refuses to join an organization is an infringement of personal liberty. Yet according to the opposite line of reasoning it might just as well have been argued that one may stop work for any reason he chooses, and if by so doing he can make it appear to the interest of his employer to discharge certain men, he is acting within the scope of his own personal liberty, and therefore is not trespassing upon the personal liberty of another. In another place it was held that one set of laborers had no right to drive another set out of their employment. On the contrary, it might have been held that one set may refuse to work until the employer does discharge the rivals. In that case they are driven out of employment. In only one or two cases does there appear an effort to solve this enigma. "The right of employer and employe is reciprocal" but "once that right is destroyed, personal liberty is destroyed and chaos reigns." A more definite limitation on the right of the employer is pointed out by the chief justice in National Protective Association *v.* Cumming. In cases of dangerous employment, especially

under the existing status of the liability of employers, an employee has the right "to dictate to employers how they shall carry on their business" and "whom they shall or shall not employ" in order to secure safe conditions of labor.

The possibility of appealing to the law of conspiracy because of the combination has been eliminated in a very positive way. Again and again has it been emphasized that the freedom of organization to secure what an individual may lawfully strive for is guaranteed. If one has this right (to work or not as he chooses) he does not lose it by acting with others. If one individual does not possess the right to dictate for what pay another shall work, then no number of individuals can possess such a right. Two or more persons may agree to do what each of them may lawfully do. It follows, then, that employers and employees alike have the right to combine to accomplish ends that are in themselves lawful. The struggle is transferred from the field of individual rivalry to that of organized rivalry. The right of the laborer to organize is at last fully admitted both by statute law and by the courts. Yet there is still the insistence on individual liberty in the organizations. The principle of individual rights still holds. Curran *v.* Galen admitted that co-operation is not against any public policy and that for the proper purposes it has the sanction of law. It is "proper and praiseworthy," and

falls within that general view of society which perceives an underlying law that men should unite to achieve that which each by himself cannot achieve, or can achieve less readily. But the social principle which justifies such organizations is departed from when they are so extended in their operation as either to intend or accomplish injury to others.

This is immediately followed by the reiteration of the rights of the individual and the importance of their protection, and the organization idea is soon lost. These points which affect somewhat the conflicting principles that have been pointed out are not of sufficient importance to modify them materially. In conclusion it may be said, then, that the courts stand upon this ground: the maintenance of the rights of each party regardless of the conflict that arises; and whenever such conflict does come the courts can only insist on the observance of all rights as far as possible, and insist further that peace shall be maintained and all laws observed.

The discussion of economic principles has been seldom entered upon by the courts and never in any comprehensive way. The decisions are based almost entirely on legal principles. Until the passage of the law defining conspiracy so as to include injury to trade or commerce, the only economic principles were those involved in the older social ideas of the relation of the laborer to his work and to his employer. Only one prominent case came before the courts to be decided squarely on the issue of injury to trade or commerce. That case was People *v.* Fisher, in 1835. It has been fully summarized[1] and needs little comment to point out the peculiar mixture of sense and nonsense contained in its lines. As it was in the day when competition was a popular catchword and supply and demand stood for an idea too hazy to be defined outside of the books of the "dismal science," it is but natural that these expressions should be found in the discussion, and that their meaning should not be at all clear. It is first stated that the raising of wages and a conspiracy for that purpose are matters of public concern.

[1] *Supra*, p. 62, *et seq.*

Later comes this remarkable sentence: "Whatever disputes may exist among political economists upon the point, I think there can be no doubt in a legal sense but what the wages of labor compose a material portion of the value of manufactured articles." Following this is the reasoning by which it is shown that the one town suffers, and that that is all that is necessary to bring the case within the statutes. "It is important to the best interests of society that the price of labor be left to regulate itself, or rather be limited by the demand for it." Accordingly it would follow from the former that competition is not to be free in labor, and from the latter that the price of labor is to be free to regulate itself "or rather" to be regulated by the employer. Here also appears the notion that the employer should be the factor of prime importance, since demand is to be active while nothing is said of supply. Yet another factor in fixing wages is described in the following words: "Without any officious or improper interference on the subject, the price of labor or the wages of mechanics will be regulated by the demand for the manufactured article or the value of that which is paid for it." At the same time the writer holds to the well-established maxim that competition is the life of trade, and further that combinations

> to enhance or reduce the prices of labor or of any article of trade or commerce are injurious. They may be oppressive by compelling the public to give more for an article . . . . than it is worth, or, on the other hand, of compelling the labor of the mechanic for less than its value.

The discussion is of little economic significance; it simply embodies some of the popular phrases of the day, while the real decision hinges upon the presence of conspiracy to accomplish the objects desired.

The next case that touched upon the economic phase of the problem was Master Stevedores' Association *v.* Walsh, in 1867. There had been an apprehension that if organizations of workmen were allowed to continue unchecked by the law they would become a menace by creating a monopoly of labor, and that employers would be placed wholly at the mercy of workmen with power to exact extravagant sums. This apprehension the justice holds to be "altogether an imaginary one." English legislation on the subject of wages and trade unions shows that

> it is neither in the power of prohibitory laws nor of artificial combinations to control arbitrarily the price of labor and that no combination can devise any general regulation or scheme that will bring to the same level the skillful and incompetent, the diligent and the idle. All such matters regulate themselves. If labor is in demand, the rate of compensation will be enhanced in proportion, and if it is not, no combination among workmen can prevent the falling of prices.

Agreements among such organizations are "effectual only when their demands are just and reasonable, and when they attempt anything more they not only fail of their object, but are themselves the chief sufferers." When their demands are unreasonable, "by the natural law of demand and supply others will come in and take their places." Then in a more positive way the advantages of organization are pointed out, and for the time in which it was written the reasoning is certainly comprehensive. Much of it is as sound to-day as it was then, and is well worth careful study. The conclusion is that

> it is better for the law to leave such matters to the action of the parties interested—to leave master workmen or jour-

neymen free to form what associations they please in relation to the rate of compensation so long as they are voluntary. They mutually act upon each other.

Still the voluntary element is insisted upon, and no intimidation or coercion can be allowed.

The economic view of People *v.* Fisher was held in a case as late as 1888. A strike had been entered upon to secure the discharge of some co-employees. The court held to the strict construction of the statute to the effect that strikes were legal only when there was a direct relation between wages and the strike. If no such relation existed the strike was a conspiracy. It "involves a diminishing of the quantity of productive labor," and consequently it is "an injury to the community and an act injurious to trade."[1]

A more important matter than this within the field of economics is the attitude toward competition and monopoly as a phase of strikes. This is dealt with more fully in National Protective Association *v.* Cumming than in any other case coming within this review. It will be recalled as a case where one organization undertook to drive a rival organization from the field and to secure the employment to its own members. As to the economic phase of the question involved, the two opinions took opposite positions. The dissenting opinion held that it was an act which was in effect the securing of monopoly. The labor of the workman is his property.

Competition in the labor market is lawful, but a combination to shut workmen out of the market altogether is unlawful. One set of laborers has no right to drive another set out of

[1] People *ex rel.* Gill *v.* Smith.

business or prevent them from working for any person upon any terms satisfactory to themselves.

This case was held to be a case of coercion, and therefore it was a combination to restrain the "free pursuit . . . of any lawful business in order to create and maintain a monopoly." Such a combination is by the laws of the state illegal. "The defendants could not drive the plaintiff's members from the labor market absolutely and the plaintiff could not drive the defendants' members therefrom." Public policy requires that the wages of labor should be regulated by the laws of competition and of supply and demand, the same as the sale of food or clothing. On the other hand, the majority opinion views the matter in a different light. "Regarded . . . as a mere struggle for exclusive preference of employment on their own terms and conditions, . . . how can it be said to be within the condemnation of the law or of any statute when there was no force employed nor any unlawful act committed?" Within the principle of competition, "if the motive be to destroy another's business in order to secure business for yourself, the motive is good." A man has an undoubted right to start a store and to sell at such reduced prices as to drive out competitors, after which he regains his losses. "Such has been the law for centuries." "The reason, of course, is that the doctrine has generally been accepted that free competition is worth more to society than it costs, and that on this ground the infliction of damage is privileged." So an organization undertakes to drive out its rivals. They are willing to bear the expense of a strike to accomplish this result if necessary, and they inform the employer to that effect. In this they are within the law, just as a storekeeper would be if, instead of hiding his purpose,

he openly declared to his rivals that he intended to drive them out of business in order that he might later profit thereby. Thus it appears that competition is admitted, but the struggle should not go to the extent of securing monopoly. On the other hand, competition is to be preserved even when pursued to its logical consequences, always provided that the laws are observed. The courts are unsettled on the question, but the final prevailing decision of the highest court (four to three) opens the way for monopoly of labor. As the decision was by such a narrow majority, it is by no means to be taken as a settled opinion.[1] The reasoning of the dissenting opinion is strong, and any one of the members of the majority has but to change his mind and competition again will rise above monopoly, or, in other words, a limit more rigid than simply "unlawful acts" will be put on what an organization may do in its attempt to crush rivals. It appears, then, that while some steps have been taken toward the legal solution of the question of a labor monopoly resulting from successful competition, the final word has by no means been spoken. While the decision stands as law, it stands on too uncertain a foundation to be considered permanent. Furthermore, the developments in the movement of labor monopoly are too new to have been finally passed upon by the courts.

In the light of the decisions of the courts relating to the individual rights of employers and employees, it is pertinent to ask: Has Section 171 A of the Penal Code lost its force? This section was added in 1887, and provided that an employer should not "coerce or compel" an employee "to enter into an agreement either written

[1] The court of appeals has since given a unanimous decision in a later case upholding the majority opinion in this case. No opinion was written. Wunch *v.* Shankland (1904).

or verbal" not to join a labor organization as a condition of employment. Section 653 defines coercion as (1) using violence or inflicting injury or threatening such violence or injury; (2) depriving a person of tools or clothing, or (3) attempting intimidation by threats or force. An employer, as has been shown, can employ or refuse to employ any one for any reason. An organization may strike to secure the employment of its members even if others are discharged to make room for them.

Employers may legally refuse to employ men who belong or who do not belong to a particular organization, and one who merely induces an employer to act accordingly is not guilty of a wrongful or illegal act. In other words, to get a certain number of men to employ a certain class of men is not illegal; not wrongful on the part of either the employer or those who induce the employer to enter into such an agreement.[1]

If an employer has this scope of action legally, it certainly is not necessary to resort to acts which would come within the definition of coercion, as quoted above, in order to induce an employee either to join or not to join an organization as he may desire. He can simply discharge a person without reason—an act which comes within his individual right. He can then re-employ him for any reason or no reason at all when that employee withdraws from the union. In addition to this phase of the question, there is evidence that in fact the law has remained practically a dead letter. In 1888 the Workingmen's Assembly adopted a resolution naming cases of firms who had discharged employees "on the sole charge of their connection with organized labor." In 1892 the

[1] Reform Club of Masons and Plasterers *v.* Laborers' Union Protective Society.

Commissioner of Labor stated in his annual report[1] that "the provision of 1887 has remained a dead letter. Employers have continued to coerce employes into withdrawing from unions. . . . All attempts to secure the punishment of employers thus most obviously guilty of a misdemeanor have proved fruitless."

It is evident that this law accomplishes practically nothing in aiding the organizations to maintain their position. It leaves the whole question open to rivalry between employer and employee, with the possible difference that it forces the employer to accomplish his ends in a more indirect way—using diplomacy instead of the harsher means forbidden by the law.

[1] Part i, p. 37.

CHAPTER XI

CONCLUSION

THE preceding chapters have described the growth of trade unions and the development of the laws in which their rights and duties are defined. It must be evident to every reader how steady has been that development and how considerable have been the gains made in the direction of freedom of action for the representatives of organized labor. The path has certainly not been one of roses for those labor leaders who have been active in securing these results. Often the progress has been too slow to satisfy their impetuosity. Often the signs of progress have been so obscure as to be almost undiscernible except by those possessed of peculiar insight. Such halting progress was, however, inevitable, since there must needs accompany these changes a slow development in public opinion or a gradual transition in social and economic conditions. It is perfectly evident that the courts have reflected with considerable accuracy those social and economic ideals which have prevailed at different times. Wherever dissatisfaction has arisen it has generally been due to the fact that new ideals were yet in process of formation; that they had not yet become sufficiently general to warrant the court in putting the stamp of legality upon them. This attitude of conservatism the courts have maintained in spite of the criticism freely offered by the more zealous and impatient champions of the newer ideals.

One of the most important reasons for the steady development in the court decisions lies in the fact that a distinction is now possible which was impossible in earlier times. Formerly the intense feeling engendered by a strike almost inevitably led to a riot, destruction of property and other unlawful acts. So intimately connected were such acts with the strike itself that they were an inseparable part of the definition of the word. Even to-day something of the old idea remains, for to many people the term strike is synonymous with law-breaking. With the advent of strong and clear-sighted leaders it began to appear that some strikes at least could be conducted with little or no lawlessness. This has been of great benefit in enabling the courts to insist on the distinction in legal thought between a strike as a concerted refusal to work and a strike as an effort on the part of misguided men to carry their point by desperate or reckless acts. This distinction once clearly established both as a fact in the conduct of strikes and as a conception of the legal mind, the way was open for those decisions which have declared strikes lawful.

In making a distinction between legal and moral obligations the courts have been generally consistent. The former obligations are such as have already received the sanction of the entire community, and it is the unquestioned province of the courts to enforce them. They are a part of the law. The latter have not such a sanction. They consist of those obligations that are gradually coming to be recognized as having a binding force between various members and between various classes of the community. They are growing out of a constantly changing set of social conditions; they are based on customs that have not yet the sanction of age; and, moreover, they are not recognized universally as binding. For the courts to in-

terfere where such questions are involved would be an intrusion into a sphere where their activity is not permissible. To give the courts jurisdiction over such questions would be to extend their power much beyond their right province of applying to all members of the community such moral precepts and ideals as have been so far accepted by the community as to receive legal sanction. Not until still further progress has been made in the field of social and moral obligations along the line of clearing up and definitely formulating results can these important principles be turned over to the courts for application. It is to be hoped that with the wider recognition of the existence of this class of obligations and the more general agreement as to their morally binding force, many of the difficulties that are now referred to the courts may be settled by other methods. Certainly much is already being done along this line. Both parties are beginning to realize that each can keep within the law and yet adjust differences by amicable agreement. The success of the efforts of the National Civic Federation is proof of this growing opinion. Its realization is also attested by the existence of several local and temporary organizations which in a less public way are accomplishing much in bringing about a wider recognition of moral obligations.

So long as the courts adhere to the distinction between that which is morally right and that which is lawful and insist on basing their decisions on strictly legal considerations, it is difficult to see how they can change their attitude toward the question of motives. The tendency has been to give first a more favorable interpretation of motives, and finally to decline to consider them at all. This is obviously a change in the point of view of the court. It is not at all likely that the motives themselves

which prompt a strike have changed materially. Yet in earlier cases the court held them to be primarily to injure others. In later cases they were held to be primarily to benefit the strikers. As a matter of fact, the motive of strikes—if any one motive or any dominant motive at all can be formulated—has always been and still is the desire to improve the strikers' condition, to do so in spite of the fact that others may suffer, and to injure those who are responsible for the unsatisfactory conditions to such an extent that they will yield the point in controversy. When brought face to face with the necessity of deciding a particular case, the courts have succeeded in choosing that line of argument which would best reflect the opinion of the time. When strikes were considered as almost the equivalent of anarchy, the courts were bound to use their influence to prevent them. As public opinion has changed the courts have been able to see more clearly that there were extenuating circumstances. The most recent cases have held that the nature of the motive prompting the act has no bearing on its legality. This development is quite in line with the general tendency of individual liberty which holds one responsible only for his acts. Since in the most recent case the chief justice of the court of appeals has registered his approval of the decision in the leading case in which motives were expressly declared to be immaterial, it is likely that the courts will continue in this opinion.

Economic principles and their application to labor problems have not received much attention. It is of course obvious that it is not the duty of the courts to interpret economic principles. A recognition of such principles and an intelligent application of them is nevertheless to be expected. At this point the courts cannot be accused of entire neglect. Even more than this may

be said, for it must be recognized that the primary duty of a court is to interpret the law and apply it to a particular case. To do this successfully a profound understanding of the principles of the law is essential as the first requirement. As a second requirement an understanding of economic and social principles is necessary, for if law is to be what it should be, it must consist in an authoritative statement of such principles in a manner convenient of application.

One of the questions of economics that has received most attention is the application of the law of supply and demand. A reading of the decisions in many cases, especially the earlier ones, gives the impression that the real meaning of these terms was not clearly understood. They were, however, a part of the vocabulary of everyone who assumed to speak of economic principles. In this rather loose way they were used in the decisions. Even while insisting that wages should be fixed by the law of demand and supply, the court seemed oblivious of the fact that both forces must be free to act. Whenever this popular phrase came into contact with the more firmly fixed notion that had grown out of the older industrial relations, the result was usually the declaration, on the one hand, that supply must not be restricted at all, and, on the other, that the employer must not be interfered with in his regulation of demand. Such was the early application of the law of demand and supply. The first important change was made by the enactment that restraint of trade was conspiracy. The decision in the case of People *v.* Fisher interpreted a strike to regulate wages as constituting an interference with trade. In the mind of the justice the conditions of industry were so thoroughly static that to cause trade to pass from one town to an adjoining town was not to be justified in economics. No place was found for dynamic conditions.

When in 1870 the law was secured which gave unions the legal right to endeavor to raise wages, the tendency was not in the direction of the unrestrained action of demand and supply. Custom had for a long time sanctioned the right of the employer to control demand. The law now sanctioned the right of the laborer to control supply. This law the courts interpreted strictly, but even a strict construction admitted the right of laborers to combine for the purpose of controlling wages. Thus, while the free action of demand and supply was being insisted upon as a desideratum, it did not seem to be recognized that the tendency was directly away from such freedom.

The result of the latest decisions has been to give a new direction to the development. One leading case maintained the right to organize and the right to strike if for the purpose of self-benefit. In this way the preservation of competition was secured. If a strike was primarily for the purpose of injuring others, it was interpreted as a stifling of competition. Competition must be maintained. As a matter of fact, organization for the purpose of controlling wages results in the control of supply. Since the employers have always been free to unite, there is in this fact the control of the demand. Both demand and supply can thus be actually regulated. Yet competition, insisted the courts, must be maintained, and further than this there was the implication that this competition must be not potential but actual. In this way the popular cry that demand and supply must be left to work freely was replaced through the actual condition of affairs by the legal dictum that competition must be maintained. The last step has been a logical one. Free actual competition in the field of labor is its own worst enemy. The more free it is the sooner monopoly is

established. At this point came the latest court-of-appeals decision declaring that strikes were justifiable, whatever the motive. This had a very important effect. The former case had tried to maintain conditions of competition, and at the same time preserve those conditions from self-destruction. This decision insisted upon free and unrestrained competition regardless of consequences.[1] Labor leaders have expressed their entire satisfaction with this interpretation. If they can organize strongly enough, the way is open for monopoly. Competition may be carried to its logical end, and monopoly may in fact exist so far as legal regulation goes, yet the same law opens the way for potential competition, and potential competition is a powerful check on the evil results of monopoly.

So far as the law goes, then, the way to actual monopoly is open while potential competition is maintained. The same law which makes the one possible makes the other possible also. The struggle is thus transferred to the industrial field, the courts merely insuring the same privileges and the same limitations to all the contestants. The only differences are such as inhere in the nature of the contending parties, and which are, therefore, beyond the control of the law.

While the courts have been developing in the law the application of the principle of individual rights and have been endeavoring to adjust these rights in such a way as to avoid conflict, a new idea has been making itself felt. It is embodied in the question: Are social relations becoming so intricate as to render the exercise of absolute individual liberty impossible? In the days of simple domestic industry, when factories were unknown and when

[1] It is understood, of course, that laws to prevent unlawful means of competition are always in force.

workingmen were in most cases their own employers, individual liberty and social obligation seldom came into conflict. In those days this question never arose. The increasing complexity of all phases of industrial relations has brought the question to the front. It has received many answers. At first the negatives were decidedly in the majority. More recently the affirmatives are growing more numerous.

Absolute individual rights have yielded to reciprocal rights. Reciprocal rights have led to a recognition of the limitations due to association. In theory the source of rights has begun to appear in the group instead of in the individual. At the present time the word "social" has come to have a very large place. Social rights are being urged as the successor to individual rights. This idea is exercising an influence that is very far-reaching. It is urged even as a standard for adjusting industrial disputes. A very important modification is that the number of parties in interest is not limited to two. There is a third party to every industrial controversy—the consuming public.

In laying down the law the courts have spoken very positively of the rights of the employer, and with equal positiveness of the rights of the employee. Few references have been made to the rights of "the third party." One decision that has the approval of the highest court stated specifically that so long as the reason for stopping work seemed good to the striker, it mattered nothing whether that reason seemed justifiable either to the employer or to organized society. Another case has quoted approvingly the statement of Judge Cooley, that "it is a part of every man's civil right" to govern his own acts relative either to work or to trade. The fact that his action may be determined by "whim, caprice, prejudice or

malice," has no bearing whatever; "with his reasons, neither the public nor third persons have any concern."[1] *Neither the public nor third persons*, nor in the former case, *organized society*, has any rights whatever in a strike. This attitude is so decidedly at variance with the newer ideas of social rights that it must inevitably be modified sooner or later. Should the cases referred to the courts for decision in the near future increase in number or in importance, this attitude must soon be changed. On the other hand, should the means for settling trade disputes without recourse to strikes be brought to a high degree of perfection, the courts may have no occasion for a long time to alter their decrees.

But to say that this group of rights is being more and more widely recognized is not to say that the courts should immediately adopt it and begin its application. The courts can only act on such principles as are generally accepted and well established. To go beyond this would cause both confusion and discontent. It remains for the courts to wait until the theory of social rights has been more fully developed before using it.

In closing, it remains to point out the fact that moral obligations and social rights are slowly becoming clearer. What use can be made of them in adjusting relations in which labor unions are involved is a question which does not pertain to the legal phases of trade unions. It comes more properly in another study. Judging both from the past records of the courts and the theory on which they are organized, however, it may confidently be predicted that as time goes on these new moral principles will gradually crystallize in judicial decisions, and the labor law will continue to adapt itself, if somewhat tardily, to the ever-changing industrial conditions.

[1] Mills *v.* United States Printing Company.

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